CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FIRST SESSION—TWENTY EIGHTH PARLIAMENT

18 ELIZABETH II

VOLUME IX, 1969

COMPRISING THE PERIOD FROM THE TWENTY EIGHTH DAY OF MAY, 1969, TO THE SEVENTEENTH DAY OF JUNE, 1969, INCLUSIVE.

INDEX ISSUED IN A SEPARATE VOLUME

QUEEN'S PRINTER FOR CANADA
OTTAWA, 1969

29180—579½

HOUSE OF COMMONS

Wednesday, May 28, 1969

The house met at 2 p.m.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

LINGUISTIC CAPABILITIES OF TRADE AND COMMERCE PERSONNEL

Question No. 1,697—**Mr. Fortin:**

1. In the Department of Industry, Trade and Commerce, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): Statistics are not now maintained in a manner which would readily provide this information. To obtain this and other information requested in the question at this time would necessitate the carrying out of a special survey throughout the department both in Canada and abroad and the necessary expert staff is not available to undertake the large amount of work which would be required to provide an accurate answer. This special survey would also require an extremely large expenditure.

Attention is directed to *Hansard,* page 2401-2, dated September 25th, 1967.

LINGUISTIC CAPABILITIES OF BUREAU OF STATISTICS PERSONNEL

Question No. 1,698—**Mr. Fortin:**

1. In the Dominion Bureau of Statistics, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): See the reply made this day to question No. 1,697.

LINGUISTIC CAPABILITIES OF TRANSPORT PERSONNEL

Question No. 1,714—**Mr. Fortin:**

1. In the Department of Transport, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): See the reply made this day to question No. 1,697.

Questions

LINGUISTIC CAPABILITIES OF VETERANS AFFAIRS PERSONNEL

Question No. 1,726—**Mr. Fortin:**

1. In the Department of Veterans Affairs, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): See the reply made this day to question No. 1,697.

LINGUISTIC CAPABILITIES OF AGRICULTURE PERSONNEL

Question No. 1,727—**Mr. Fortin:**

1. In the Department of Agriculture, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): See the reply made this day to question No. 1,697.

[Mr. Forest.]

LINGUISTIC CAPABILITIES OF SOLICITOR GENERAL PERSONNEL

Question No. 1,728—**Mr. Fortin:**

1. In the Department of Solicitor General of Canada, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): See the reply made this day to question No. 1,697.

LINGUISTIC CAPABILITIES OF POST OFFICE PERSONNEL

Question No. 1,729—**Mr. Fortin:**

1. In the Post Office Department, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): See the reply made this day to question No. 1,697.

LINGUISTIC CAPABILITIES OF DEFENCE PRODUCTION PERSONNEL

Question No. 1,730—**Mr. Fortin:**

1. In the Department of Defence Production, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): See the reply made this day to question No. 1,697.

LINGUISTIC CAPABILITIES OF HEALTH AND WELFARE PERSONNEL

Question No. 1,732—**Mr. Fortin:**

1. In the Department of National Health and Welfare, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): See the reply made this day to question No. 1,697.

LINGUISTIC CAPABILITIES OF FISHERIES PERSONNEL

Question No. 1,731—**Mr. Fortin:**

1. In the Department of Fisheries, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): See the reply made this day to question No. 1,697.

LINGUISTIC CAPABILITIES OF LABOUR PERSONNEL

Question No. 1,733—**Mr. Fortin:**

1. In the Department of Labour, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): See the reply made this day to question No. 1,697.

Questions

LINGUISTIC CAPABILITIES OF CONSUMER AND CORPORATE AFFAIRS PERSONNEL

Question No. 1,734—**Mr. Fortin:**

1. In the Department of Consumer and Corporate Affairs, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): See the reply made this day to question No. 1,697.

LINGUISTIC CAPABILITIES OF SECRETARY OF STATE PERSONNEL

Question No. 1,742—**Mr. Fortin:**

1. In the Department of the Secretary of State, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): See the reply made this day to question No. 1,697.

[Mr. Forest.]

LINGUISTIC CAPABILITIES OF EXTERNAL AFFAIRS PERSONNEL

Question No. 1,743—**Mr. Fortin:**

1. In the Department of External Affairs, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): See the reply made this day to question No. 1,697.

LINGUISTIC CAPABILITIES OF INDIAN AFFAIRS PERSONNEL

Question No. 1,750—**Mr. Fortin:**

1. In the Department of Indian Affairs and Northern Development, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development):

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	Executive Category	Administrative and Foreign Service Category	Administrative Support Category	Operational Category	Technical Category	Scientific and Professional Category
1. (a)	2	88	158	30	18	228
(b)	20	1,039	1,200	532	247	2,024
(c)	nil	16	43	39	5	73
(d)	4	138	190	24	21	343
2. (a)	—	10	—	—	nil	13
(b)	—	123	—	—	20	190
(c)	—	1	—	—	nil	2
(d)	—	15	—	—	1	25
3. (a)	2	3	—	—	—	nil
(b)	20	27	—	—	—	8
(c)	nil	nil	—	—	—	1
(d)	4	6	—	—	—	2
4.	5	359	475	98	57	1,008
(a)	1	33	50	3	3	90
(b)	4	322	410	91	53	891
(c)	nil	4	15	4	1	27
(d)	2	52	67	8	4	127
5. (a)	—	83	17	—	9	21
(b)	—	9	15	—	3	4

LINGUISTIC CAPABILITIES OF FORESTRY AND RURAL DEVELOPMENT PERSONNEL

Question No. 1,751—**Mr. Fortin:**

1. In the Department of Forestry and Rural Development, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): See the reply made this day to question No. 1,697.

LINGUISTIC CAPABILITIES OF MANPOWER AND IMMIGRATION PERSONNEL

Question No. 1,752—**Mr. Fortin:**

1. In the Department of Manpower and Immigration, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): See the reply made this day to question No. 1,697.

LINGUISTIC CAPABILITIES OF PUBLIC WORKS PERSONNEL

Question No. 1,767—**Mr. Fortin:**

1. In the Department of Public Works, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category

Questions

and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): See the reply made this day to question No. 1,697.

LINGUISTIC CAPABILITIES OF JUSTICE PERSONNEL

Question No. 1,769—**Mr. Fortin:**

1. In the Department of Justice, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): See the reply made this day to question No. 1,697.

REPRESENTATIONS TO WESTERN REGIONAL DESK

Question No. 1,862—**Mr. Mazankowski:**

1. How many representations have been made to the Western Regional Desk since its inception?

2. How many of these representations have been dealt with satisfactorily?

Mr. J. E. Walker (Parliamentary Secretary to the Prime Minister): 1. As stated in the answer to Question No. 1008, the duties of the Regional Desk Officers include acting as a liaison between the Prime Minister and those voluntary organizations which concern themselves with issues and problems common to many Canadians, and to be of assistance to Members of Parliament in their dealing with the Prime Minister and his office. In these respects, the Regional Desk Officers act upon suggestions and requests received by them both in Ottawa and in the regions for which they are responsible in whatever form they are received. Necessarily, much of the work of the officers is done in the form of person-to-person discussions and in telephone conversations. By virtue of the fashion in which these representations are made, no record of the number of representations made to it is kept by the Western Regional Desk.

2. Again, as stated in the answer to Question No. 1,008, the Regional Desk Officers refer problems of citizens which come to their attention to the Prime Minister, the Member of Parliament for the area, a governmental department or other appropriate government agency as seems most appropriate, having regard to the nature of the problem. The Western Desk Officer makes every effort to deal satisfactorily with all representations made to him.

SALARIES OF GOVERNOR GENERAL AND LIEUTENANT GOVERNORS

Question No. 1,910—**Mr. Laprise:**

What is the total of salary and administrative costs attributable to the Governor General and the provincial Lieutenant-Governors?

Mr. J. E. Walker (Parliamentary Secretary to the Prime Minister): I am informed by Government House as follows:

	$
Governor General	
Salary.	46,504.
Allowance for operating Rideau Hall and the Citadel, including the cost of entertainment, gifts, Governor General's medals, etc.	72,000
Office of the Secretary to the Governor General	
Salaries.	371,948
Other administrative costs, including travelling expenses, telephones, telegrams, stationery, materials and supplies, etc.	76,154
Order of Canada	
Salaries.	12,375
Initial organizational expenses including design and production of new insignia and travel costs for recipients in Centennial Year.	66,498
	645,479

The above figures are for the fiscal year 1967-68 as the final expenditures for 1968-69 are not yet available.

Lieutenant-Governors

	1968-69 Salaries (Statutory) $	1968-69 Grants* $
Alberta	18,000	15,000
British Columbia	18,000	18,000
Manitoba	18,000	15,000
New Brunswick	18,000	12,000
Newfoundland	18,000	12,000
Nova Scotia	18,000	12,000
Ontario	20,000	18,000
Prince Edward Island	16,000	10,000
Quebec	20,000	18,000
Saskatchewan	18,000	15,000
Total	182,000	145,000

* Grants as detailed in the 1968-69 Estimates to the Lieutenant-Governors of the Provinces of Canada towards defraying the costs of travelling and hospitality incurred in the exercise of their duties.

FEDERAL-PROVINCIAL CONFERENCE NEWS BRIEFINGS

Question No. 1,946—**Mr. Paproski:**

During the three background briefings by federal officials for news reporters attending the Constitutional Conference referred to in the answer to question Number 1,531 at page 7313 of *Hansard* March 31, 1969, did these officials make reference to the probable position that certain Premiers of the Prairie Provinces might take and, if so, whose opinion did they express?

Mr. J. E. Walker (Parliamentary Secretary to the Prime Minister): As stated in the answer to question number 1,531, the purpose of the background briefings was to provide answers to reporters' questions concerning positions taken by the Government of Canada at the Conference. It is possible that in the course of one or more of these briefings references might have been made to public statements of position made by some of the 10 Provincial Premiers. If, in explaining federal positions, some speculation were advanced with respect to the possible future position of any Provincial Government, this would have been in a hypothetical sense and for purposes of illustration only.

LENNOX ISLAND RESERVE DEVELOPMENT WORKER

Question No. 1,947—**Mr. MacDonald (Egmont):**

1. Is there a community development worker presently engaged on the Lennox Island Reserve on Prince Edward Island and, if not, when is it contemplated that one will be appointed?

2. What is his name, when did he begin his activities and what is the nature of his responsibility?

3. What further steps are being taken to assist the members of this particular Band by way of improved housing, education and transportation facilities to the mainland?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): 1. No. The Superintendent is a former community development worker and regular visits to Lennox Island are made by community development consultants from the Department's regional office. The Prince Edward Island Department of Development is responsible for implementing the recently-signed Comprehensive Plan for Development (a federal-provincial agreement under ARDA), and will be employing a community development worker in the Lennox Island area.

2. N/A.

3. The housing and education programs administered by the Department of Indian Affairs and Northern Development are available to the Lennox Island Band. The Department will be working closely with the provincial Department of Development and the Lennox Island Band, in the preparation of development plans for the area which include possible transportation links to the mainland.

REPRESENTATIONS TO ATLANTIC REGIONAL DESK

Question No. 1,988—**Mr. Forrestall:**

1. How many representations have been made to the Atlantic Regional Desk, by whom, and what has been the nature of each request since its inception?

2. What decision has been reached in each case?

Mr. J. E. Walker (Parliamentary Secretary to the Prime Minister): 1 and 2. The duties and procedures of the three Regional Desks were set forth in the answer to Question No. 1,008 and referred to in the answer to Question No. 1,862. As revealed in the answer to the latter question, representations made to the Regional Desk Officers take the form of telephone conversations and personal interviews as well as communications in writing. As a result, no record of the number, the name of the person making the representation, or the decision reached is kept by the Atlantic Regional Desk or either of the other two Regional Desks.

Questions

EUROPEAN TRIP OF MINISTER OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Question No. 2,029—**Mr. Harding:**

1. What was the purpose of the recent trip to Europe of the Minister of Indian Affairs and Northern Development?

2. What countries did he visit and which government officials did he meet?

3. Did he meet with representatives of any business concerns and, if so, what are the names of the companies they represented?

4. Did any officials of the Department of Industry, Trade and Commerce or the National Energy Board accompany the Minister?

5. Were there any consultations between the officials of the Department of Indian Affairs and Northern Development and other government departments prior to the Minister's trip and, if so, what other departments?

6. Have any commitments for exploration or requests for further information been received resulting from the trip and, if so, from whom?

7. Was the Government of Alberta and were the governments of other provinces informed of the Minister's trip prior to his departure for Europe?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): 1. To meet with senior government and industry officials in five major European cities to promote resource development in Canada's north.

2. Rome, Italy, March 16-18; Ambassador, C. C. Crean; Ministry-Counsellor, Mr. G. F. C. Hughes; Second Secretary (Comm.), Mr. C. Renaud; Minister of Industry, The Hon. Mario Tenassi. Paris, France, March 18-22; Ambassador, M. P. Beaulieu; Minister Counsellor, C. O. R. Rousseau; Mr. A. Bettencourt, Minister of Industry, France. Berne and Zurich, Switzerland, March 22-25; Ambassador, S. A. Roberts; Commercial Secretary, G. E. Blackstock. Dusseldorf, W. Germany, March 25-27; Ambassador, R. P. Bower; Consul General, G. A. Browne; Minister of Agriculture and Forestry, Diether Beneke, Northrhine, Westphalia. London, England, March 27-30; High Commissioner, Charles Ritchie; Minister (Comm.), L. H. Ausman. Lord Chalfont, Minister of State, Britain, (Foreign and Commonwealth Office).

3. In each of the five major cities the Minister met the leading bankers, industrialists and industry leaders. At each meeting the Minister delivered a 15 to 20 minute address on resource development and mineral potential of Canada's north. The film "The North has Changed" (in English, French or German version as appropriate) was then shown, followed by a question period. During the one to two hour reception period which followed, the Minister had an opportunity to meet most of the guests and answer questions directly. In addition to meeting guests at the film receptions, meetings were held with the following companies: (1) Entreprise de Recherches et D'Activités Pétrolières; (2) Deminex; (3) Thyssen; (4) Mannesmann; (5) Matallgesellschaft; (6) Bayer; (7) Rothschild.

4. No.

5. Yes. The Department of Industry, Trade and Commerce and External Affairs.

6. No commitments have been made for exploration, however, requests for further information have been received from the following firms: (a) Entreprise de Recherches et D'activités Pétrolières; (b) Elf Oil Exploration and Production Co.; (c) Berne Newspaper "Der Bund"; (d) de Rothschild; (e) Dresdner Bank.

7. No.

MOOSONEE EDUCATION CENTRE

Question No. 2,078—**Mr. Roy (Timmins):**

1. What were the invoiced charges per day, per student, to the Department of Manpower and Immigration for the following courses given at the Moosonee Education Centre during the months of September, October, November and December 1968: Construction Labourer's course, Heavy Equipment Operators course, Hotel and Hospital Services course?

2. What were the invoiced charges for similar courses given in Timmins or other locations nearest Moosonee?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): 1.

Name of Course	Start Date	Estimated Cost Per Day Per Student* $
Construction Labourer	October 15, 1968	8.00
Heavy Equipment Operators	October 15, 1968	15.00
Hotel and Hospital Services	October 15, 1968	6.00

* The province has received interim payments at these rates. Final claims for actual costs on the basis of expenditures incurred are to be submitted by the province before April 1, 1970.

2. Estimated cost per day per student for similar courses in other locations are the same as for the Moosonee Education Centre.

STUDENT ATTITUDES TO INDIAN PROBLEMS

Question No. 2,096—**Mr. Howard (Skeena):**

1. Has the Department of Indian Affairs and Northern Development received a report on student attitudes to Indian problems pursuant to a service contract dated September 8, 1968?

2. What monies were paid, and to whom, with respect to work done in the preparation of the said report whether or not it is completed?

3. By what name is the said report known?

4. To whom has the report been distributed?

5. Is the government prepared to make the said report available to (a) all Indian Bands and (b) Parliament and, if not, for what reason?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): This Department has no knowledge of any service contract dated September 8, 1968 or any subsequent report on student attitudes to Indian problems pursuant to that service contract.

"THE WINDOW"

Question No. 2,097—**Mr. Howard (Skeena):**

1. Does the Ontario Region of the Department of Indian Affairs and Northern Development produce a publication called "The Window"?

2. If so, has anyone, other than a departmental employee, been engaged in any phase of its design layout preparation, production, distribution or other work with respect to it and, if so, what is the name and address of each such person, the work performed and the amount paid for such work?

3. What is the monthly cost of producing and distributing this publication?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): 1. Yes.

2. The first issue of *The Window* was published in March, 1966 and until April, 1969, private agencies were not involved in any aspect of the work required to publish *The Window*. Berger, Tisdall, Clark and Lesley Limited, Public Relation Consultants, P. O. Box 61, Toronto-Dominion Centre, Toronto, were contracted to take over the publication *Window*, and the first issue of the newsletter was produced by them in April 1969. The Canadian Government Printing Bureau prepared the plates and did the actual printing.

The cost of producing this issue and printing 1,500 copies of *Window* are as follows: Art Work for Mast Head done by Mr. W. Turnbull, 36 Drury Crescent, Bramalea, Ontario, $50.00; Set-up of Final Copy done by Mr. Wright, Plant Manager, Canadian Government Printing Bureau, Cold Type Composition Section, 208-36 Adelaide Street, Toronto, Ontario, $101.00; Plates and Printing done by Mr. G. Deane, Branch Manager, Canadian Government Printing Bureau, 1 Front Street, Toronto, Ontario, $110.68; Total cost, $261.68.

3. Approximately $225.00.

MAIL TRANSPORT BY AIR CANADA

Question No. 2,119—**Mr. Macquarrie:**

1. In each of the last ten years, what amount was paid to Air Canada for the transportation of mail for the Post Office Department?

2. What would have been the total amounts if the per ton mile rate had been the same as that in effect in the United States?

3. What is the expected annual increase as a result of the "all up" policy announced by the Postmaster General last October?

4. What efforts are currently being made to reduce the air transportation costs of Canadian mail?

5. What consulting firm is studying the matter?

6. When was its report submitted to the Minister?

7. When will the said report be made public?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): In so far as the Post Office Department is concerned: 1. The amounts paid to Air Canada for the transportation of mail by the Post Office Department in the last ten years are, as follows:

Fiscal Year	Total
1959-60	$ 9,941,925
1960-61	10,234,868
1961-62	10,212,570
1962-63	10,511,136
1963-64	11,073,498
1964-65	12,064,808
1965-66	12,705,718
1966-67	13,359,157
1967-68	14,083,440
1968-69	14,879,060

2. The requested comparison of the amounts which would have been paid if the ton mile rate had been the same as that in effect in the United States probably refers to a statement carried by the press on April 28, wherein the Postmaster General was quoted as saying "the Department pays the government owned airline 49.9 cents a ton mile while the United States Post Office pays 24 cents a mile".

The comparison made was based on the general rates of payment in effect for the calendar year 1968 in both countries to trunk line carriers for priority mails on domestic services. In order to make an exact comparison of all the domestic service mail payments in the United States several complex factors have to be taken into account. These

include terminal charges at certain airports and the payment, in the United States, of Public Service Revenue, a form of subsidy, to certain airlines. A firm of consultants is presently studying the various factors associated with the conveyance of mail by air in Canada.

The total amounts paid to Air Canada in each of the last ten fiscal years includes payment for the conveyance of mail by air to points outside of Canada and the United States as well as to points within Canada and between Canada and the United States. There are multiple rates involved depending on the class of mail and the destination. The Canadian Post Office Department does not have details of the various rates of payment which were in effect between the United States Post Office Department and the United States air carriers for the performance of international service over the ten year period in question.

3. It was expected that the extension of the "all-up" policy announced last October would increase the annual volume of mail carried in the domestic service by 12 per cent. Records of five months of operations under the new policy indicate that the estimate was accurate.

4. As mentioned in item 2, a firm of consultants is currently studying the various factors which have to be taken into account in arrangements for the conveyance of mail by air.

5. Samson Belair Riddell Stead Inc.

6. A report on the progress of the study was submitted and discussed with the Postmaster General on April 16, 1969.

7. The final report on the study of air mail rates of payment is part of a larger study on other phases of mail transportation. It is expected that a final report will be received about the end of June 1969; in view of the confidential nature of some of the sources from which the information forming the basis of the conclusion was drawn, a decision on the tabling of this report cannot be made until it is available for study.

WHISTLERS MOUNTAIN SKI FACILITIES

Question No. 2,132—**Mr. Sulatycky:**

How much has been spent in each year since 1954 by the federal government on Whistlers Mountain ski facilities in Jasper National Park?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Capital Costs: 1955-56, slope clearing $1,418; 1956-57, slope clearing $3,486; 1957-58, ski hill road $19,388, slope improvements $1,998; 1958-59, slope clearing $2,998; 1959-60, area development $7,950; 1960-61, first aid and toilet building construction $18,983; 1962-63, area enlargment $10,311; 1963-64,—present—nil. Operations and Maintenance: Only capital costs can be specifically identified to 1965-66 because of the accounts procedure then in effect.

	Wages	Material	Power	Total
	$	$	$	$
1965-66	5,653	449	129	6,231
1966-67	3,275*	312	148	3,735
1967-68	638*	238	155	1,031

* Reflects phasing out of slope maintenance and the ski patrol.

Also between 1955 and 1965 there were contributions to the development which are not reflected in the accounts of that period. Lumber to build a chalet, for example, was provided from bulk supplies.

*TOBACCO—COSTS OF FEDERAL ENCOURAGEMENT OF PRODUCTION

Question No. 2,134—**Mr. Mather:**

What, in dollars, was the total amount spent by the federal government in 1968 to encourage the production of fine grade tobacco and for the welfare of the tobacco industry?

Hon. H. A. Olson (Minister of Agriculture): The Department of Agriculture does not have any program to encourage or promote the tobacco industry but does conduct research programs to develop varieties of cigarette and cigar tobacco which, when grown under Canadian conditions, are in demand on the domestic and export markets. This program involves the screening of genetic materials, studying the inheritance of characteristics of agronomic importance such as yield and resistance to diseases, and quality characteristics such as leaf texture and nicotine levels. These evaluated genetic materials are then used in developing varieties which are calculated to give the producer optimum returns on the tobacco market. During 1968 the cost of such programs amounted to $536,160.

*WHEAT—REQUEST FOR FLOOR PRICE

Question No. 2,183—**Mr. Diefenbaker:**

Will the government give favourable consideration immediately to giving a guaranteed floor price for wheat for the years 1969 and 1970?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): Mr. Speaker, on behalf of the Minister of Industry, Trade and Commerce I wish to report as follows. In July 1968, the government announced that the initial payment for No. 1 Manitoba northern wheat for the 1968-69 crop year would be $1.70 per bushel. The government is presently giving consideration to the initial payment for wheat for the 1969-70 crop year. The initial payment is, in effect, a guaranteed minimum or floor price.

WOOL IMPORTS FROM NEW ZEALAND

Question No. 2,187—**Mr. McQuaid:**

1. What quantity of wool was imported into Canada from New Zealand during the period January 1, 1968-December 31, 1968, and what was the average price per pound paid for this wool?

2. What quantity of wool was imported into Canada from Australia during the period January 1, 1968-December 31, 1968 and what was the average price per pound paid for this wool?

Hon. Jean-Luc Pépin (Minister of Industry, Trade and Commerce): 1. and 2. Imports of wool into Canada from New Zealand and Australia during the period January 1, 1968 to December 31, 1968, and the average price per pound, are as follows:

Country	Quantity lb.	Value $'000	Average price per lb.—$
New Zealand	6,788,443	2,890	.4257
Australia	5,543,511	3,009	.5428

SOUTH REGINA POST OFFICES

Question No. 2,202—**Mr. Benjamin:**

1. Are there any sub-post offices in the South Regina area and, if so, what is the location of each?

2. Is it the intention of the Department of Communications to establish a sub-post office in this area?

3. If so, what is the planned location and on what date, approximately, will the facility become operative?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): In so far as the Post Office Department is concerned: 1. (a) Yes. 4 in area south of Wascana Creek; (b) Sub No. 24, 2104 Grant Road; Sub No. 18, 3410 Hill Avenue; Sub No. 36, 2730 Montague Street; Sub No. 26, Tamblyns Drug, Albert Street and 25th Avenue.

2. Not in the near future.

3. See 2.

Questions

YMCA-YWCA CAMPAIGN

Question No. 2,211—**Mr. MacEwan:**

1. Is the Government of Canada contributing to the YMCA-YWCA campaign for Ottawa and, if so, what is the amount which has been or will be contributed?

2. What is the purpose of the contribution?

Hon. E. J. Benson (Minister of Finance): 1. A contribution is being made to the Ottawa YM-YWCA Building Fund of $1,000,000, of which $700,000 has been paid in the 1968-69 fiscal year and $300,000 is to be paid in the present fiscal year.

2. As its Centennial Project, the Ottawa YM-YWCA undertook a development program to improve its facilities in the National Capital. The contribution was made as a testimonial of government appreciation of the "Y" movement throughout Canada, and a recognition that the YM-YWCA in the National Capital has obligations not incurred by other local associations in this national movement.

GRAIN SALES COMMISSION FIRM

Question No. 2,212—**Mr. Southam:**

Will the government give consideration to establishing forthwith a fully Canadian orientated grain sales commission firm charged specifically with the responsibility in co-operation with the Canadian Wheat Board of selling Canadian wheat feed grains and oil seeds?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Several fully Canadian firms are agents of the Canadian Wheat Board and are engaged in the marketing of Canadian wheat, feed grains and oil seeds. The Government would welcome a decision by any of these firms to enlarge and expand their grain and oilseeds marketing operations and would also welcome the establishment of new firms with the capacity of expanding sales of Canadian grains and oilseeds.

WILDLIFE SERVICE ADVERTISING PROGRAM

Question No. 2,218—**Mr. Yewchuk:**

What is the annual cost of the advertising program sponsored by the Wildlife Service of the Department of Indian Affairs and Northern Development?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): The Canadian Wildlife Service does not have an advertising program. The Hinterland Who's Who film clips broadcast on television are made by the National Film Board and are

supplied to television stations for use at their discretion. No charge for this type of public service broadcast is made to the Department.

DEATHS OF WAR DISABILITY PENSIONERS

Question No. 2,309—**Mr. McCleave:**

1. What is the approximate number of war disability pensioners who die each month?

2. Is the government considering retroactive features to legislation arising from the Woods Report which would benefit survivors of such deceased veterans since the report was completed?

Hon. Jean-Eudes Dubé (Minister of Veterans Affairs): 1. 425.

2. This is a matter of Government policy, on which an announcement would be made at the appropriate time.

HEALTH AND WELFARE PUBLIC RELATIONS

Question No. 2,312—**Mr. Robinson:**

1. Does the Department of National Health and Welfare have a public relations staff and, if so, how many?

2. What was the total cost of public relations for the Department for each of the years 1960-68 inclusive?

Hon. John C. Munro (Minister of National Health and Welfare): 1. Yes. The Department of National Health and Welfare has a public relations program administered by an Information Services Division having a staff of 40 employees. The cost of operating this Division for the fiscal years 1960-61 to 1967-68 was as follows:

2.

Fiscal Year	Expenditure $
1960-61	357,618
1961-62	371,672
1962-63	374,433
1963-64	313,230
1964-65	459,686
1965-66	614,346
1966-67	1,273,252
1967-68	1,137,854

QUESTIONS PASSED AS ORDERS FOR RETURNS

LINGUISTIC CAPABILITIES OF DEPARTMENT OF FINANCE PERSONNEL

Question No. 1,695—**Mr. Fortin:**

1. In the Department of Finance, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Return tabled.

LINGUISTIC CAPABILITIES OF TREASURY BOARD PERSONNEL

Question No. 1,696—**Mr. Fortin:**

1. In the Treasury Board, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Return tabled.

LINGUISTIC CAPABILITIES OF NATIONAL REVENUE PERSONNEL

Question No. 1,768—**Mr. Fortin:**

1. In the Department of National Revenue, in each category and class, how many employees (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

2. How many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

3. How many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) other (d) are bilingual?

4. During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) other (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Return tabled.

LINGUISTIC CAPABILITIES OF AGENCY CROWN CORPORATIONS PERSONNEL

Question No. 1,777—**Mr. Fortin:**

1. How many employees of agency Crown Corporations in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) have another language as their mother tongue (d) are bilingual?

2. In each of the corporations mentioned in part 1, how many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) have another language as their mother tongue (d) are bilingual?

3. In each of the corporations mentioned in part 1, how many emloyees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) have another language as their mother tongue (d) are bilingual?

4. During 1968, in each of the corporations mentioned in part 1, how many employees were appointed, reclassified or promoted in each category and class and, of this number how many (a) had French as their mother tongue (b) had English as their mother tongue (c) had another language as their mother tongue (d) were bilingual?

5. In each of the corporations mentioned in part 1, how many employees in each category and class took courses (a) in French (b) in English, in 1968?

Return tabled.

LINGUISTIC CAPABILITIES OF BANK OF CANADA AND OTHER GOVERNMENT ORGANIZATIONS PERSONNEL

Question No. 1,778—**Mr. Fortin:**

1. How many employees in each category and class of the following: the Banks of Canada, the Industrial Development Bank, the Canadian Corporation for the 1967 World Exhibition, the National Arts Centre Corporation and the Northern Ontario Pipe Line Crown Corporation (a) have French as their mother tongue (b) have English as their mother tongue (c) have another language as their mother tongue (d) are bilingual?

2. In each of the corporations mentioned in part 1, how many employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) have another language as their mother tongue (d) are bilingual?

3. In each of the corporations mentioned in part 1, how many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) have another language as their mother tongue (d) are bilingual?

4. During 1968, in each of the corporations mentioned in part 1, how many employees were appointed, reclassified or promoted in each category and class and of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) had another language as their mother tongue (d) were bilingual?

5. In each of the corporations mentioned in part 1, how many employees in each cateogry and class took courses (a) in French (b) in English, in 1968?

Return tabled.

LINGUISTIC CAPABILITIES OF CHIEF ELECTORAL OFFICER AND OTHER GOVERNMENT AGENCY OFFICES PERSONNEL

Question No. 1,779—**Mr. Fortin:**

1. How many employees in each category and class of each of the following: the Office of the Chief Electoral Officer, Insurance, the National Gallery, the National Research Council, the Public Archives and National Library, Public Printing and Stationery, the Unemployment Insurance Commission, the Royal Canadian Mounted Police, the Public Service Commission (a) have French as their mother tongue (b) have English as their mother tongue (c) have another language as their mother tongue (d) are bilingual?

2. How many of these employees earning from $12,000 to $17,000 in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) have another language as their mother tongue (d) are bilingual?

3. How many of these employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) have another language as their mother tongue (d) are bilingual?

4 During 1968, how many employees were appointed, reclassified or promoted in each category and class and, of this number, how many (a) had French as their mother tongue (b) had English as their mother tongue (c) had another language as their mother tongue (d) were bilingual?

5. How many employees in each category and class took courses (a) in French (b) in English in 1968?

Return tabled.

LINGUISTIC CAPABILITIES OF PROPRIETARY CROWN CORPORATIONS PERSONNEL

Question No. 1,782—**Mr. Fortin:**

1. How many employees of proprietary Crown corporations in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) have another language as their mother tongue (d) are bilingual?

2. In each of the corporations mentioned in part 1, how many employees earning from $12,000 to $17,000 in each category and class (a) have

French as their mother tongue (b) have English as their mother tongue (c) have another language as their mother tongue (d) are bilingual?

3. In each of the corporations mentioned in part 1, how many employees earning $17,000 and over in each category and class (a) have French as their mother tongue (b) have English as their mother tongue (c) have another language as their mother tongue (d) are bilingual?

4. During 1968, in each of the corporations mentioned in part 1, how many employees were appointed, reclassified or promoted in each category and class and, of this number how many (a) had French as their mother tongue (b) had English as their mother tongue (c) had another language as their mother tongue (d) were bilingual?

5. In each of the corporations mentioned in part 1, how many employees in each category and class took courses (a) in French (b) in English, in 1968?

Return tabled.

YUKON AND NORTHWEST TERRITORIES ADULT TRAINING

Question No. 1,888—**Mr. Orlikow:**

1. For each province, Yukon and Northwest Territories what is the total number now taking training under the Occupational Training of Adults program of the Department of Manpower and Immigration?

2. (a) How many entered training under this program during 1968 (b) how many did not complete their course (c) how many completed their course (d) how many of those who completed their courses found employment through Canada Manpower Centres (e) of those completing their courses, how many of them received increased hourly or weekly earnings as a result of this training?

3. For each province, Yukon and Northwest Territories what was the total number that commenced training under the Occupational Training of Adults during January and February, 1969 (a) how many completed their courses during those two months (b) how many did not complete their courses during this period (c) how many of those completing their courses were able to find employment through the Canada Manpower Centres (d) how many were able to receive increased hourly or weekly earnings as a result of this training?

4. (a) What criteria are used by the Canada Manpower Centres in referring workers to training in the various courses under the Occupational Training of Adults Program (b) what criteria are used to assure that those taking courses under this program have employment available when they graduate (c) what exact program guideline or procedures have the Canada Manpower Centres to assist those who have difficulty in finding employment when they graduate?

5. (a) What is the estimated number of persons that the Department of Manpower and Immigration will be referring to training courses during 1969 under the Occupational Training of Adults Program (b) how are those estimates arrived at by the Department (c) has the Department any assurance that all those referred to training during 1969 will get employment when they graduate (d) what are the criteria used by the Department in planning the numbers to take training under the Occupational Training of Adults program?

Return tabled.

TECHNICAL AND VOCATIONAL TRAINING AGREEMENT

Question No. 2,258—**Mr. Fortin:**

1. Is there a federal-provincial agreement on capital expenditures for technical and vocational training and, if so, (a) what are the terms and conditions of this agreement (b) what was the share of the Province of Quebec?

2. Has the federal government turned over to the Province of Quebec all of the amounts provided for in the agreement and, if not, for what reasons?

3. Has the federal government cancelled this agreement and, if not, for what reasons?

Return tabled.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): Mr. Speaker, notice of motion No. 103 for the production of papers is acceptable to the government.

[*English*]

Mr. Speaker: Is it the pleasure of the house that notice of motion No. 103 be deemed to have been adopted?

Some hon. Members: Agreed.

SCOTT-SEWELL CONSULTANT STUDY

Motion No. 103—**Mr. Saltsman:**

That an Order of the House do issue for a copy of the consultant study by Anthony D. Scott and W. R. Derrick Sewell, prepared for Treasury Board, titled, "The Use of Benefit-Cost Analysis by Canadian Federal Government Agencies".

Motion agreed to.

[*Translation*]

Mr. Forest: Would Your Honour be good enough to call notices of motion Nos. 113 and 133?

I ask, Mr. Speaker, that the remaining questions be allowed to stand.

[*English*]

DIRECTIVES ON DRAFT DODGERS AND DESERTERS

Motion No. 113—**Mr. Lewis:**

That an Order of this House do issue for a copy of the directive or directives of the Department of Manpower and Immigration regarding draft-dodgers and military deserters.

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): Mr. Speaker, on behalf of the Minister of Manpower and Immigration I wish to report as follows. The papers requested in this notice of motion are directives circulated within the department from headquarters to field staff. It has not been the practice to make public such papers because of their confidential character. In view of this perhaps the hon. gentleman would agree to withdraw his notice.

Mr. David Lewis (York South): I am afraid not, Mr. Speaker. These directives are policy directives that affect the immigration policy of the government, and therefore should be made public.

Mr. Speaker: Transferred for debate pursuant to Standing Order 48.

INDIANS—DOCUMENT RESPECTING GRANTS ISSUED SUBSEQUENTLY TO CIRCULAR

Motion No. 133—**Mr. Howard (Skeena):**

That an Order of the House do issue for a copy of any document prepared in the Department of Indian Affairs and Northern Development entitled, or relating to "Grants to Indian Band Councils" subsequent to the issuance of Circular No. 15, dated September 18, 1968, which is entitled "Grants to Indian Band Councils".

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): On behalf of the Minister of Indian Affairs and Northern Development I would like to inform the hon. member that subsequent to the issuance of circular 15, dated September 18, 1968, entitled "Grants to Indian Band Councils", no additional documents have been issued. Under the circumstances would the hon. member from Skeena consent to withdrawing the motion?

Mr. Frank Howard (Skeena): Mr. Speaker, I would just like to ask how I happened to get one if they have not been issued or are not in existence? I think the minister had better check further.

Mr. Speaker: Transferred for debate pursuant to Standing Order 48. Shall the remaining notices of motions stand?

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. I do so without assessing any blame or accusing anyone of laxity. But I invite the attention of the house to the fact that there are now more than 60 notices of motions for the production of papers that have not yet been called. In addition to that number, at least 20 such motions have been transferred for debate. I understand how this has happened, but the fact of the matter is that this does relate to the public's right to know what is going on, and I think that this matter, like the passport problem, should receive attention.

I wonder whether the government house leader would be willing to initiate discussions through the usual channels to see whether there is something we can do to overtake this backlog?

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, may I point out that of these 60 motions to which the hon. member referred, 36 have been put on since May 12. I presume that the hon. member is interested in having the government look into these documents with care, and the departments are doing so.

As to the notices of motions that have been transferred for debate, the rules are well known by the hon. member and his colleagues. There are certain documents that are internal documents; there are others that are privileged. The hon. member may insist, as the hon. member for York South (Mr. Lewis) did, that he is entitled to have them, but the rules of this house are well established. Merely because the hon. member wants a document is no reason why the rules should not be obeyed. In particular there is no reason why the notices of motions should not be transferred for debate.

Mr. Lewis: On a point of order, Mr. Speaker, there is another rule which you invoked a little earlier, namely that a notice of motion is transferred for debate at another time. The government house leader has no right to debate the motion now, as he has done. I know the rules, perhaps not as well as the house leader knows them, but I am aware of them. If he wants to debate the motion now I am ready; otherwise I must say that I object to his remarks.

Mr. Speaker: Order please. Is the hon. member for Winnipeg North Centre rising on a point of order?

Mr. Knowles (Winnipeg North Centre): Yes, I rise on a point of order, Mr. Speaker. May I point out that I opened my remarks by saying that I was assessing no blame. I was asking the government house leader if he would enter into discussions to see whether something could be done jointly and co-operatively to deal with this backlog.

Mr. Speaker: Shall the remaining notices of motions stand?

Some hon. Members: Agreed.

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

PRICES AND INCOMES GUIDELINES TO COMBAT INFLATION

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, may I direct a question to the Minister of Finance, who no doubt is preparing a budget speech. In view of statements contained in his budget papers of yesterday emphasizing the continuing problem of inflation, will the government as an interim measure reconsider its refusal to seek the acceptance of price and income guidelines throughout the economy in order to fight inflation?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I am afraid my hon. friend will have to wait until next Tuesday to hear my proposals about the particular problem he mentioned.

Mr. Stanfield: A supplementary question, Mr. Speaker. It is because I fear what the minister may say next Tuesday that I am asking whether he or the government will consider a policy such as I have suggested, as an alternative to fighting inflation by the creation of unemployment?

Mr. Benson: Mr. Speaker, I hope in the fight against inflation my hon. friends opposite will stop asking the government to make additional expenditures.

Some hon. Members: Oh, oh.

Mr. Stanfield: Mr. Speaker, may I ask the Minister of Finance whether the Prime Minister was speaking without his approval when he indicated in the Atlantic provinces that the government would increase expenditures in areas of slow growth in order to offset the effects of other anti-inflationary programs it had?

Mr. Benson: Mr. Speaker—

Mr. Speaker: Order please. I think we are now embarked upon a debate. Perhaps I could recognize the hon. member for Wellington, who has a supplementary.

Mr. A. D. Hales (Wellington): Mr. Speaker, I have a supplementary question for the Minister of Finance. Since the government spent $950 million more for goods and services last year and since 83 per cent of these taxpayers' dollars went to pay increased costs brought about by inflation, will the minister advise the house how he proposes to combat this situation?

Mr. Benson: Mr. Speaker, I think my hon. friend again will have to wait, as will other people, until next Tuesday.

If, even at the risk of being out of order, I might answer the question asked just prior to that asked by the hon. member, I wish to say that the Prime Minister does not have to ask me for permission to speak, or for permission to advocate spending more money anywhere in Canada.

Some hon. Members: Oh, oh.

Mr. Speaker: Order please.

EXTERNAL AFFAIRS

PASSPORTS—CONFUSION THROUGH LOSS OF APPLICATIONS—RELAXATION OF BRITISH AND FRENCH REQUIREMENTS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs about confusion in the passport office. Because of this confusion many members or their secretaries have to spend hours in the passport office trying to find applications which have been lost. Since the fault does not lie with the administrative staff, which is making valiant efforts to deal with the situation, and since the problem has been brought about by changes in policy which have increased the volume of applications, is the minister prepared to allow that office to revert to previous procedures? Under those procedures those who hold passports could have them renewed, without making fresh application. Perhaps this might be done on a temporary basis until the peak of the tourist

season is over or until regional offices are opened.

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I wish to correct an impression left by the hon. gentleman who asked the question. I had an examination made of the number of people who have applied for passports; these are people who would ordinarily be applying for a renewal. Such people constitute only 15 per cent of those applying. So these applications are not serious when one considers how to deal effectively with the problem. As I have said many times, the problem arises from the enormous increase in the travel requirements of the Canadian public.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. Has the minister thought of making representations to the Department of Citizenship and Immigration so that British subjects who have resided in this country for a long time may temporarily, until the peak of the tourist season has passed this summer, be allowed to travel even though they have not secured a certificate of Canadian citizenship? This, it seems, would help the situation to some extent.

Mr. Sharp: As I said to the house, temporary passports are being issued under the circumstances.

Hon. Robert L. Stanfield (Leader of the Opposition): A supplementary question, Mr. Speaker. Has the minister had an opportunity to consider the question I asked as to whether he would explore the possibility of making similar arrangements with France in the interest of Canadians who might wish to visit France?

Mr. Sharp: Mr. Speaker, we have been looking into a number of these measures. I do not feel it will be necessary. The peak of the passports applications is now past.

Some hon. Members: Oh, oh.

Mr. Sharp: I repeat, Mr. Speaker, the peak of the applications has passed and I expect in the next two or three weeks it will revert to a comparatively normal situation.

Mr. Stanfield: May I take it from the minister's response he is not seriously exploring the opportunity of making such an arrangement with France?

Mr. Sharp: No, Mr. Speaker. This matter is being explored.

Hon. George Hees (Prince Edward-Hastings): Is there discrimination against the French speaking—

Mr. Speaker: Order, please.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. In view of the fact the minister told the house last Thursday that the persons who received these certificates of citizenship would travel at their own risk, can he give an undertaking that certificates of citizenship will be issued which will enable persons to travel to Great Britain without having to run any risk? May I also ask the minister to tell this house what administrative genius changed these regulations without having application forms printed—

Mr. Speaker: Order, please.

Mr. A. D. Hales (Wellington): Can the minister advise how or why it is when members or their secretaries phone the passport office they receive the perennial answer "We cannot locate the passport or the application"?

PASSPORTS—AVAILABILITY OF NEW APPLICATION FORMS—PRICE OF TEMPORARY PASSPORTS

Mr. R. N. Thompson (Red Deer): I wish to ask the minister how soon he expects to have the new application forms available for the general public and instructions given to the public so they know how to apply.

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, they will begin to be distributed next week.

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, I would like to ask the Secretary of State for External Affairs if the price of a temporary passport is the same as that of a normal one?

[*English*]

Mr. W. B. Nesbitt (Oxford): Will the Secretary of State for External Affairs, perhaps on a purely housekeeping basis, arrange to have individual chairs in the passport offices so that elderly people do not have to stand for hours or until they collapse?

Mr. Speaker: Order, please.

Mr. Les Benjamin (Regina-Lake Centre): In view of the reply the minister made to a

question I asked last Monday regarding the emergency issuing of temporary passports, we can assume this means deleting some procedures. Will the minister state whether the R.C.M.P. or any other security investigation branch of any department of government are searching files of passport applicants and removing these files for foreign investigation?

Mr. Sharp: Not that I am aware of, Mr. Speaker.

[*Translation*]

AGRICULTURE

ATTENDANCE OF MINISTER AT QUEBEC MEETING

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I have a question for the Minister of Agriculture.

Since the committee on agriculture will meet in Quebec City, at the Château Frontenac, on June 8 and that many farmers will be present along with the Quebec Minister of Agriculture, is it the intention of the Minister of Agriculture of Canada to attend?

[*English*]

Hon. H. A. Olson (Minister of Agriculture): Yes, Mr. Speaker, I would like to attend that meeting. Unfortunately I had made a commitment for that day in western Canada before I knew the dates that were set by the standing committee.

[*Translation*]

Mr. Caouette: I would like to ask a supplementary question, Mr. Speaker.

Would not the minister agree that it is about time to visit eastern Canada?

[*English*]

Mr. Olson: Mr. Speaker, the minister has had three trips to Quebec.

EXTERNAL AID

REDUCED EXPENDITURE IN FOOD PROGRAMS

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a non-passport question for the Secretary of State for External Affairs. Page 19 of the budget papers tabled yesterday discloses a reduction in funds for the international food aid programs. I am wondering whether the minister and the government accept the implications of such a cutback, and can we be assured that programs to alleviate hunger in the world will be expanded rather than cut back?

[Mr. Benjamin.]

Hon. Mitchell Sharp (Secretary of State for External Affairs): As the hon. gentleman knows, Mr. Speaker, our programs are responsive. We ask the countries concerned in what form they would like their aid. We have every reason to believe that the amounts that will be provided by this budget will be adequate to meet the demands and, if not, that they will be enlarged.

GOVERNMENT ADMINISTRATION

FUNCTION AND ORGANIZATION OF CABINET SECRETARIAT

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I wish to direct a question to the Prime Minister. A week ago I asked him if he would make a statement on motions on the functions and the organization of the cabinet secretariat, and he indicated it would be rather a lengthy one. However I still go back to the question: Will we soon be having a statement on motions in regard to the very extensive changes taking place in the organization of that secretariat?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe I was giving an answer to the question last week when I was cut off by some method or other,—I can't recall how—but what I intended to say then I repeat now. When these changes are completed I intend to explain them to the public and to the house, if it is at a time when the house is sitting. On various occasions at press conferences I have explained the basic facts of the re-organization of the P.C.O. into a planning section and an operations section. The news item to which the hon. member referred last week merely concerned the implementation of that division.

Mr. Lambert (Edmonton West): Mr. Speaker, my question asked for a statement on motions in the house where members may comment on it. We are not all invited to press conferences.

Mr. Trudeau: My estimates were in front of the house just a couple of weeks ago and it would have been possible then to go into a lengthy explanation. I have nothing special to report at this time beyond what I have said. I have repeated many times that there is a division of the Privy Council office into these two basic functions and we are now hiring the personnel to perform them. I would have no objection, on some other occasion, to explaining to the house and the country the way in which a good government operates.

Some hon. Members: Hear, hear.

HOUSING

DISTRIBUTION OF TEXT OF MINISTER'S SPEECH

Mr. Frank Howard (Skeena): Mr. Speaker, I would like to direct a question to the minister in charge of housing. If the hon. gentleman has a formal and prepared text that he is going to use when introducing the housing legislation will he make it available immediately to spokesmen of the opposition parties, so that they can follow it as he speaks?

Hon. Robert K. Andras (Minister without Portfolio): I will be glad to do that, Mr. Speaker.

HIGHWAYS

CALGARY MEETING ON PAVING OF ALASKA HIGHWAY

Mr. P. M. Mahoney (Calgary South): Mr. Speaker, I also have a non-passport question to direct to the Secretary of State for External Affairs. Has the United States government requested the permission of the Canadian government for a Congressional subcommittee to hold public hearings in Calgary, Alberta, on June 19 on the subject of paving the Alaska Highway?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I have to take that question as notice.

GRAIN

WHEAT—CASH PAYMENT TO FARMERS—TWO-PRICE SYSTEM—FLOOR PRICE

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Minister of Agriculture. Has he anything to report to the house on the results of the meeting held this morning by himself, the Minister of Industry, Trade and Commerce and the Minister without Portfolio from Saskatoon (Mr. Lang) with representatives of western agriculture who called for an immediate cash payment of $2,000 for each wheat farmer, for the establishment of a two-price system for wheat and for the establishment of a government-farmer group to develop a comprehensive grain policy?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I wish to advise the hon. member that it was not a group from western Canada. There were representatives from all over Canada at the meeting this morning. I can only add to that that it was a useful discussion.

Mr. Hees: Mr. Speaker, I have a supplementary question for the Minister of Agriculture. Can he indicate to the house whether he advised the agricultural representatives with whom he was speaking this morning that the government is giving favourable consideration to the three matters I mentioned and which they raised.

Mr. Olson: Yes, indeed, and the meeting is going on this afternoon with several senior officials of the Department of Agriculture.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I have a supplementary question arising out of an answer given a few moments ago to question No. 2183 which reads as follows:

> Will the government give favourable consideration immediately to giving a guaranteed floor price for wheat for the years 1969 and 1970?

The answer as I heard it was that the floor price is $1.70 per bushel. I never have heard that that was the floor price, but that was the answer. I ask the minister what representations have been made by representatives of agriculture either this morning or earlier this week concerning what the floor price should be, so that the western farmer will not find himself in an impossible position by reason of the inflation of the cost of those things he must buy and his inability to sell the wheat he has.

Mr. Olson: Mr. Speaker, in reply to the question, and not trying to answer the debate raised in the question—

Mr. Diefenbaker: There is no debate. It is a fact.

Mr. Olson: —the reply that was made regarding the price of $1.70 did not indicate that it was a floor price. It was said it was the initial price which also constituted a floor price. The other part of the question concerned what representations have been made. I am sure the right hon. gentleman knows we have received many and varied representations concerning what the floor price ought to be and indeed on what basis the other prices established in the wheat industry ought to be.

Mr. Diefenbaker: I am glad the minister has confirmed I was right in my interpretation of the answer given a moment ago. Among the representations made will he tell the house what the spread is between the present initial price of $1.70 and the maximum asked for by the farm organizations as a basic price.

Inquiries of the Ministry

Mr. Olson: Mr. Speaker, I cannot give the spread, because of course these are opinions, but we have had representations that the domestic price of wheat be as high as $2.95 a bushel or $1 over the I.G.A. floor.

TRADE

WHEAT—SPECIAL MEASURES TO INCREASE SALES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, in view of the indication in the budget papers that sales of wheat will probably be lower this year I should like to ask the Minister of Finance whether we may expect an early decision concerning any special measures to be taken to assist the western wheat grower and in particular whether we may expect an answer one way or the other from the minister in the course of his budget speech.

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, decisions of the government in matters of policy will be made known to the house in the usual manner.

AGRICULTURE

MEASURES TO IMPLEMENT RECOMMENDATIONS OF CANADIAN FEDERATION

Mr. John Burton (Regina East): Mr. Speaker, I have a supplementary question for the Minister of Agriculture. Will the minister announce government policy and introduce any necessary legislation before the summer recess in response to the representations of the Canadian Federation of Agriculture and the recommendations of the Committee on Agriculture of this house.

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, as has been said announcements of government policy will be made in the usual way.

INQUIRY OF THE MINISTRY

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I have a question for the Secretary of State for External Affairs. In view of the fact that Beatle John Lennon has written, spoken and acted on a clear philosophy about war and peace and because of his prestige among a large segment of the international community on the subject—

Some hon. Members: Oh, oh.

Mr. Nystrom: —does the minister plan to confer with Mr. Lennon while he is in Canada?

[Mr. Diefenbaker.]

Some hon. Members: Oh, oh.

Mr. Speaker: The hon. member may wish to come back at ten o'clock tonight.

Mr. Hees: Get in bed with John Lennon at ten o'clock.

CANADIAN BROADCASTING CORPORATION

AMERICAN INFLUENCE ON CANADIAN PROGRAM CONTENT

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Secretary of State. Has the hon. gentleman received complaints from the Canadian film industry with regard to the growing Americanization of C.B.C. program content? If so, would he discuss this matter with the president of the C.B.C. and report back to the house?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I do not recall any recent representations from the film industry on this matter, but some may have reached the department very recently. I have already discussed this matter with the president of the C.B.C. and I intend to pursue this discussion further.

[*English*]

Mr. Dinsdale: Would the Secretary of State discuss the matter with the chairman of the Committee on Broadcasting, Films and Assistance to the Arts with a view to having it referred to that committee for consideration.

[*Translation*]

Mr. Pelletier: Mr. Speaker, if it is not against the rules of the house to refer a question in this way, I personally have no objection. I shall have to consult the chairman of the committee.

[*English*]

SHIPBUILDING

COLLINGWOOD, ONT.—PLANS TO RETAIN EMPLOYMENT OPPORTUNITIES

Mr. P. V. Noble (Grey-Simcoe): Mr. Speaker, I should like to direct this question to the Prime Minister. Did he receive a telegram from the Collingwood town council expressing their anxiety and alarm in respect of the circumstances in the shipbuilding industry in which 900 residents of that town are employed? Does the government share this concern and does it have any plans or proposals that will protect the jobs of these people?

Right Hon. P. E. Trudeau (Prime Minister): I have no knowledge of having received such a telegram, Mr. Speaker.

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, did he not receive a telegram two days ago, because it came over the C.B.C. that it had been received in the Prime Minister's office.

Mr. Speaker: Order.

ENCOURAGEMENT TO MAINTAIN MERCHANT MARINE

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, I have a supplementary for the Minister of Transport on this matter of shipbuilding. Can the minister say whether the decision has been made to include the matter of the building of ships in Canada in the study that is now under way on the Canadian merchant marine within his department, and if so what was the decision?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, no such decision has been taken, as my colleague the Minister of Industry, Trade and Commerce indicated the other day. The shipbuilding industry itself has formed an internal committee which I understand will make representations to us, and presumably these could be considered along with the report on the merchant marine. This would seem to be an appropriate way to deal with the matter.

CONSUMER AFFAIRS

MEAT—ACTION TO PREVENT UNDUE PRICE INCREASES

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. In view of the statement in the budget papers that prices are higher than is desirable and that the price of meat in many parts of Canada has doubled in the last six weeks what is the minister doing to protest this action and protect the consumer?

Mr. Speaker: The hon. member is asking for a very general statement. Such a statement would normally be made on motions.

Mrs. MacInnis: Perhaps I might rephrase my question, Mr. Speaker. Would the minister agree to make a statement on motions within the next week to advise us of any measure he has in mind to deal with the immediate rise in the cost of living.

Inquiries of the Ministry

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I have appointed the chairman of the Prices and Incomes Commission and will be announcing the balance of the membership shortly. I am also awaiting budget night.

Mr. MacInnis: Mr. Speaker, could the minister estimate how high the prices will have to go before we can get direct action?

Mr. Speaker: Order, please. I think the hon. member is asking the minister to give an expression of opinion. The question in those terms is not in order.

REQUEST FOR APPOINTMENT OF PRICES AND INCOMES COMMISSION MEMBERS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Consumer and Corporate Affairs whether he expects to appoint the other members of the Commission this year.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Yes, Mr. Speaker.

[*Translation*]

BRIDGES

LOWERING OF TOLL ON CHAMPLAIN BRIDGE

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I wish to direct a question to the Minister of Transport.

In view of the fact that the Quebec government intends to reduce the toll rates on the Eastern Townships highway, effective July 1st, does the minister also intend to reduce the toll on the Champlain bridge, which is part of the same highway?

Mr. Speaker: The question should be put on the order paper.

[*English*]

AIR TRANSPORT

WINNIPEG, MAN.—ADJUSTMENT IN PAY OF AIR TRAFFIC CONTROLLERS

Mr. E. B. Osler (Winnipeg North Centre): Mr. Speaker, my question is for the Minister of Transport. It is similar to one I asked several months ago, at which time he said he would look into it. I wonder whether the present minister intends to ensure that certain red starred assistant air traffic controllers at the Winnipeg and other international airports, whose pay has been frozen for a number of years now, will soon receive equitable monetary adjustments?

Inquiries of the Ministry

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I advised the house a few days ago that the whole matter of the future of air controllers is under study and no doubt this matter will be considered during my discussions with them.

HOUSE OF COMMONS

INCORRECT DESCRIPTION OF POLITICAL AFFILIATION

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise on a point of order. It has been brought to my attention that last Thursday a Calgary newspaper reported me as the Liberal member for Athabasca.

An hon. Member: What an insult.

Mr. Hees: That's slander; sue.

Mr. Yewchuk: Mr. Speaker, I want the country and hon. members of this house to know that I object to this kind of misrepresentation and that I find it derogatory, provocative, inflammatory, most insulting and as close to yellow journalism as you can get.

Mr. Speaker: Order, please. I suggest the hon. member might also be out of order.

TRADE

POTATOES—EXPORT OF P.E.I. AND NEW BRUNSWICK PRODUCT TO U.S.

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I should like to ask the Minister of Agriculture whether there have been any discussions between this government and the government of the United States with a view to obtaining more favourable tariff entry of New Brunswick and Prince Edward Island potatoes into the United States even on a temporary basis, in view of the very depressed conditions of the potato industry?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I had a discussion last Friday with Mr. Hardin the new Secretary of Agriculture for the United States, mainly for the purpose of getting acquainted with him. I am unable to give any details about that discussion, but my friend can take it that we discussed a number of matters upon which representations had been made to me in this house.

STRAWBERRIES—MAINTENANCE OF IMPORT DUTIES

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, I have an agricultural question I should like to direct to the Minister of National Revenue. Has the minister had an opportunity to consider the representation made some three weeks ago by the B.C. Federation of Agriculture regarding the maintenance of import duties on strawberries during 1969, and when can the house expect his decision on this matter?

Hon. Jean-Pierre Côté (Minister of National Revenue): Mr. Speaker, I will look into this matter. I do not remember the exact situation.

DRUGS

RESPIRIN—PERMISSION TO SELL IN CANADA

Mr. Paul St. Pierre (Coast Chilcotin): Mr. Speaker, in view of press reports concerning the drug Respirin, which state that this unusual compound is able to cure or alleviate not only respiratory ailments but also pigeon chest, hunchback and mental retardation, and that Senators and Members of Parliament are among those who have enjoyed dramatic cures, can the Minister of National Health and Welfare say why his department reapproved this patent medicine for sale in Canada when such dubious claims are advanced?

Mr. Speaker: Order, please.

FLOODS

NEWFOUNDLAND—DAMAGE TO WEST COAST COMMUNITIES

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I should like to ask the Minister of Transport whether he has received any representations from the provincial government of Newfoundland regarding flood damage to communities on the west coast affecting homes and causing damage to schools and fishing facilities and if so has any action been taken to investigate such damage with a view to preventing any recurrence?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I am not personally aware of any such representation. However, I will be glad to look into this matter and make a reply later.

COMMUNICATIONS

BELL CANADA—RELATIONSHIP TO NORTHERN ELECTRIC

Mr. David Lewis (York South): Mr. Speaker, I should like to ask the Minister of Transport whether his attention has been drawn to the refusal by the vice-chairman of the

Canadian Transport Commission to allow evidence to be given regarding the tie-up between Northern Electric and Bell Telephone and, if so, will he undertake to study the matter to find ways of amending the relevant legislation so that this important information can be made public?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, it has now been drawn to my attention and I will be very glad to look into it.

TOURISM

LIMITATION ON FUNDS FOR USE OF CANADIANS ABROAD

Mr. Joseph-Philippe Guay (St. Boniface): Mr. Speaker, I should like to ask the Minister of Finance whether he is considering limiting amounts of money that Canadian tourists can take out of the country on trips abroad?

Mr. Speaker: Order, please. Perhaps the question directed in different terms might be placed on the order paper.

LABOUR RELATIONS

REQUEST FOR ASSURANCE OF AUTONOMOUS STATUS OF CANADIAN UNION

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct my question to the Minister of Labour asking him, in view of the governments expressed concern about American take-overs, whether he can assure us that the proponents of continued Canadian autonomy within the Canadian Brotherhood of Railway and Transport Workers union are having a fair chance to present their case in the face of the determination of the unions' top brass to merge it with the International Brotherhood of Railway and Steamship Clerks?

Hon. Bryce S. Mackasey (Minister of Labour): Mr. Speaker, I would imagine that the hon. member, who has been associated for so many years in a progressive manner with the labour movement, would be the last one to suggest that we interfere with the internal operations of the union. I am sure he would expect that in a union, if in no other organization, democracy should prevail and that members should have a full opportunity to express their opinions on this subject.

Mr. Howard (Skeena): Mr. Speaker, instead of that gratuitous lecture I wonder whether the minister would mind answering the question?

Mr. Hees: Mr. Speaker, I should like to ask the Minister of Labour whether he agrees that everything is possible to the Babe Ruth of the bargaining table?

Mr. Speaker: Order, please. The minister cannot answer questions which are out of order.

An hon. Member: Casey at the bat.

Mr. Hees: You struck out that time, Bryce.

An hon. Member: He looks like Babe Ruth.

NATIONAL DEFENCE

NATO—POSSIBLE CANADIAN INELIGIBILITY TO PARTICIPATE IN NUCLEAR PLANNING

Mr. Ray Perrault (Burnaby-Seymour): Mr. Speaker, can the Prime Minister inform the house whether Canada's intended NATO plans mean that we might become ineligible for membership in NATO's nuclear planning group and thus lose whatever influence we now have on NATO nuclear planning and strategy?

Mr. Speaker: Order, please. I suggest to the hon. member that this question is argumentative and is not acceptable when asked in those terms.

IMMIGRATION

FAILURE TO DECLARE TAPE RECORDER AT BORDER POINT

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, I should like to ask the Minister of National Revenue whether he has undertaken an investigation, as he said he would, in respect of an American who smuggled a tape recorder into this country through a customs point?

Hon. Jean-Pierre Côté (Minister of National Revenue): Mr. Speaker, regarding this alleged smuggling into Canada of a tape recorder, in the absence of identification of the individual concerned, I have had to assume he is the person described in the press as a deserter from the United States armed forces who entered Canada and was admitted as a provisional landed immigrant at the Port of Lansdowne.

It is a matter of policy not to reveal what goods are declared by individuals at customs nor to give publicity to seizures made of goods not declared and subject to seizure and penalties, where the goods are for personal use and not for commercial purposes. An inquiry is being made into the matter and I

can assure the hon. member that should the tape recorder in question have been the property of the immigrant, and not declared at customs by him at the time of entry—and I want to emphasize this point—it will be the subject of a seizure.

Mr. MacInnis: Perhaps the minister could tell us at a later date how it is that this was publicized in the Toronto *Globe and Mail*, showing the hiding place of the tape recorder, and with the criminal in question discussing with immigration officials the entry into Canada. Apparently he was permitted to pass through customs with the tape recorder.

Mr. Côté (Longueuil): It is for this reason I emphasized the point that if the tape recorder is the property of the immigrant and was not declared at customs by him at the time of his entry, it will be seized.

Mr. MacInnis: I am not satisfied with that answer. What if it did not belong to him? He still smuggled it in.

Mr. Speaker: Order, please.

Mr. MacInnis: Ten o'clock, Mr. Speaker.

WATER RESOURCES

POLLUTION THROUGH PULPMILL OPERATIONS

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Minister of Fisheries, arising out of his widely publicized statement that his department was considering closing two pulpmills unless they did something about eliminating or lessening the water pollution which their operations create.

In order to put an end to the speculation as to which particular pulpmill the minister had in mind, could he inform the house as to which one he was speaking about?

Hon. Jack Davis (Minister of Fisheries and Forestry): In view of the advanced state of our discussions with the companies in question, I would prefer not to do that.

Mr. Barnett: Can the minister then tell the house what steps these two particular plants have in mind, and when they will be in a position to inform us?

Mr. Speaker: Order, please.

POLLUTION—PREVENTION THROUGH LEGISLATIVE ACTION

Mr. John Lundrigan (Gander-Twillingate): I have a supplementary question, Mr. Speaker. Can the minister indicate to the house the extent of the progress on the new Canada water act which will give the government the control required to prevent rather than to punish for pollution?

Hon. Jack Davis (Minister of Fisheries and Forestry): I believe that question should have been directed to the Minister without Portfolio responsible for the Canada water act.

Mr. Lundrigan: May I then direct my question in that direction?

COMBINES

OIL—POSSIBLE RESTRAINT OF TRADE THROUGH DIVISION OF MARKET

Mr. John Burton (Regina East): I have a question for the Minister of Consumer and Corporate Affairs. Can the minister advise the house whether his department or the director of the combines investigation branch has investigated or is now investigating oil industry arrangements which divide market areas east and west of the Ottawa valley to determine whether this constitutes a violation of the restraint of trade provisions in Canada's anti-combines policy?

Mr. Speaker: Order, please. The question should be placed on the order paper.

DRUGS

REQUEST FOR NAMING OF PERSONNEL OF COMMITTEE OF INQUIRY

Hon. Robert L. Stanfield (Leader of the Opposition): I should like to ask the Minister of National Health and Welfare when we may expect the appointment of the royal commission in connection with the use of drugs, which he indicated some weeks ago would be appointed?

Hon. John C. Munro (Minister of National Health and Welfare): I wish to advise the Leader of the Opposition that this is not a royal commission but an inquiry, and I hope to be in a position to announce its membership shortly.

Mr. R. Gordon L. Fairweather (Fundy-Royal): I have a supplementary question, Mr. Speaker. Would the minister seriously consider having members of parliament serve on such a committee?

Mr. Munro: I see some merit in the suggestion, but I do not think it is feasible for this particular inquiry.

STUDENT UNREST

R.C.M.P. EVIDENCE RESPECTING INFILTRATORS

Mr. John Lundrigan (Gander-Twillingate): My question is directed to the Solicitor General. Several weeks ago he indicated he would consider making a statement on motions regarding R.C.M.P. evidence on infiltrators and their roles in precipitating unrest. Is the minister now prepared to make such a statement on motions and to enlighten the house with regard to the type of information which the R.C.M.P. has on this subject?

Hon. G. J. McIlraith (Solicitor General): I considered the matter and I do not see how a statement can be made on motions giving that type of information to the house. It has not been the practice to give that type of information to the house, but if there are any specific matters that hon. members wish to have cleared up, I would be glad to answer any questions or give such information as can be given.

GRAIN

PHASING OUT OF FEED GRAIN SUBSIDIES

Hon. H. A. Olson (Minister of Agriculture): I should like to clear up a matter arising from a question asked yesterday by the hon. member for Fraser Valley West. He indicated that I took as notice a question put to me on May 16 concerning the phasing out of various feed grain subsidies. I looked into the matter, as I undertook to do, and I find that on May 16 the hon. member was ruled out of order before he finished his question.

GOVERNMENT PUBLICATIONS

AVAILABILITY TO HOUSE OF INFORMATION SERVICES REPORT

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I ask the right hon. Prime Minister whether he has yet received the report of the three man task force that was appointed to look into government information services, and if he has not received a report, has he any idea when it is likely to be submitted to him?

Right Hon. P. E. Trudeau (Prime Minister): I inquired of the chairman of the task force a couple of weeks ago and was told that the report would be submitted before the end of the month. I imagine that we might have to accept a little leeway there, but I know the report is in the last stages of preparation.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I have a supplementary question, Mr. Speaker. When the report is received by the Prime Minister, is it his intention to make it available to the members of the house and to make the contents of the report public?

Mr. Trudeau: I cannot say, Mr. Speaker. It will take some time for the cabinet to consider the report and to decide whether it should proceed by way of immediate implementation of publication for discussion, or alternatively publish a white paper indicating the reforms we envisage in that area. But I appreciate the interest of the opposition. We on the government side feel that the whole area of governmental information is a very important one and that we must proceed with as much speed as possible.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I have a suppelmentary question, Mr. Speaker. In view of the Prime Minister's statement concerning the importance of the matter, with which we all agree, would he agree that it is therefore extremely important that the public and members of the house should have the benefit of the report itself, rather than an expurgated copy of it?

Mr. Speaker: Order, please.

• (3:00 p.m.)

GOVERNMENT ORDERS

THE PATENT ACT

AMENDMENT TO PROVIDE AUTHORITY TO MAKE RULES RESPECTING FEES

The house resumed, from Tuesday May 27, consideration of the motion of Mr. Macdonald (for Mr. Basford) that Bill C-194, to amend the Patent Act, be read a second time and referred to the Standing Committee on Justice and Legal Affairs.

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 Justice and Legal Affairs.

NATIONAL HOUSING ACT, 1954

AMENDMENTS CLARIFYING DEFINITIONS AND DEALING WITH THE INTEREST RATE ON INSURED LOANS, AND OTHER MATTERS

Right Hon. P. E. Trudeau (Prime Minister) moved that Bill C-192, to amend the National Housing Act, be read the second time and

referred to the Standing Committee on Health, Welfare and Social Affairs.

Mr. Speaker: Order, please. Perhaps before the hon. member launches into his presentation I may say that when the President of the Privy Council (Mr. Macdonald) rose I thought he did so for the purpose of seconding the motion. I assume it should be recorded that the Minister without Portfolio (Mr. Andras) seconds the motion.

Hon. Robert K. Andras (Minister without Portfolio): Mr. Speaker, I should like to begin my remarks by making a few general observations on the needs and requirements of our housing policy and its consequences for the development of our society—our cities.

In one way, the housing problem is easily defined. Quite simply, there are more families and non-family households in this country than there are dwellings, and too many dwellings are inadequate.

This means that some families have to double up in a single dwelling.

Mr. McCleave: Mr. Speaker, may I rise on a point of order. Would the minister be good enough to furnish me with a copy of his address? He has done so for others.

Mr. Andras: A copy is on its way to the hon. member.

To resume, Mr. Speaker, this means that some families have to double up in a single dwelling. It also means that many people are living in substandard housing, and face the resulting threat to health, comfort and self-esteem. There are many families that are overcrowded because the accommodation is too small for their needs.

One can see before one a piece of paper with a mass of numbers and columns headed by phrases such as "dwellings in need of major repair", "dwellings lacking running water and flush toilets", "dwellings without private bathing facilities", and other such headings. Those figures, columns and headings are the statistical measurements of the problem. But the significant measurement is in terms of deprivation, suffering, congestion, disparity and squalor. These are the things that define the housing problem to me. The statistics, such as they are, reveal to us that while there has been consistent improvement in all the indicators of housing shortage since the end of world war II, a very real backlog of need still exists. Poor people for the most part bear the brunt of the suffering that is inescapably entailed in this backlog.

[Mr. Trudeau.]

Most Canadians are well housed. A considerable number could be said to be indulgently housed. A few are lavishly housed. I am sure that all of those suffering the worst deprivations of the housing shortage would like to be better served, but I suspect also that it is difficult for them to make themselves heard. I have no doubt that the majority of Canadians whose housing is adequate but not indulgent would welcome an improvement, and many of them can and do say so. And some of those who are indulgently accommodated would like still better provision at lower cost and are in a position to express their discontent. And they do so.

The articulation of discontent stems from the whole spectrum of housing conditions and aspirations representing all income levels. Some of this articulation of discontent is valid, and some is not. It has reached a decibel level which is described by some as a housing crisis. The housing problem is something different. That is rooted in the actual deprivation of people at the lower level of the spectrum and can only be solved by the provision of decent accommodation for them.

Another significant dimension is that Canada today is primarily an urban society. Almost three quarters of Canadians live in the larger towns, cities and metropolitan areas. By 1980, it is estimated that more than 80 per cent of the population will be owning, renting, or hunting for shelter in our urban centres. Current trends indicate that almost one third of these people will live in our three largest urban centres of Montreal, Toronto and Vancouver.

The quality of life in these rapidly growing communities is a matter of serious concern. We have heard much and can expect to hear more about pollution, overcrowding, traffic congestion, inadequate recreational facilities, alienation, deprivation and the inertia of some of our institutions. These issues cannot be neglected indefinitely nor can they be resolved by the methods of the past.

Nor can they be solved quickly or easily, Mr. Speaker. No single level of government, no one person, holds the key to their solution, or the formula for building better communities. The answers must be sought in joint planning and co-operative endeavours. We must seek ways for all levels of government, together with interested citizens, to achieve an urban environment which offers the physical, social and cultural dimensions of healthy and creative living.

The provision of adequate housing is one of the most important tasks in our continuing effort to develop better communities. It is clear that a necessary, although perhaps not sufficient condition for this objective is a much larger supply of adequate dwellings. The only way to get a larger housing stock is to build more houses. The recent task force on housing and urban development which was led by my distinguished predecessor in this office, called for a minimum housing output of one million units over the next five years. I do not doubt that we can achieve this target. The task force carefully designated this objective as a minimum and recognized that it will take some time to realize the goal of decent housing for every Canadian.

While the primary objective of federal housing policy can be simply stated as decent housing for every Canadian, the instrumentalities for reaching the goal are not simple. No country in the world has yet been able to reach this desirable stage for its population. Federal housing legislation incorporates two broad types of instrument. On the one hand there is the loan insurance apparatus which has the purpose of improving the private residential mortgage market, and stimulating the greater flow of capital resources into housing. These arrangements, while they may be of direct significance mainly to middle and upper income groups, serve nevertheless to increase the total stock of housing and, through the filtering process, to benefit lower income groups.

On the other hand, there is a variety of loan and subsidy arrangements designed to modify and transcend market forces and to provide accommodation directly for people whose incomes or other factors would not otherwise enable them to obtain it.

One might well ask: if the aim is primarily to increase the housing stock, why do we not rely wholly on the filtering process and get on with the business of inducing the private entrepreneurs to generate the flow of resources into housing, buttressing, guaranteeing, supporting, and cajoling them to whatever extent is necessary in order to rapidly bring about the desired increase in the housing stock? The answer is that exclusive reliance on the private market is expensive. There are limits to the commitment of labour and resources which the economy can allocate to residential construction. The task, therefore, is not just to encourage a larger resource commitment to housing but also to get a high yield out of what the country can afford in terms of completed dwelling units. It is an increased number of dwelling units, not just an increased investment, which diminishes the housing backlog. It is important to recognize this in terms of the constraint on the commitment of our productive resources which arises from the recognition of other legitimate social priorities in Canada.

We must, therefore, not only improve the operation of private markets in order to accelerate the total output of housing but we must also stimulate the provision of modest accommodation for low income people, augmenting the process if necessary with what may be regarded as non-market devices in order to get a higher yield of new units out of the nation's housing effort.

The argument for government loans and subsidies for low income people does not rest solely on the issue of distributive justice. It depends also on the hard economic reality that in order to achieve the size of housing stock which is needed in this country, we must greatly increase the share of the new housing program which provides modest accommodation for people of low and modest incomes.

Let me simply point out, by way of illustration, that an additional $100,000 investment in housing can provide two $50,000 homes or six $17,000 homes. I think in face of our current situation the one distribution is an extravagant use of resources, the other more equitable and productive.

• (3:10 p.m.)

Bill C-192 incorporates amendments to the National Housing Act that affect both the loan insurance arrangements and those provisions aimed primarily at housing for low income people. It also touches on questions that are related to the broad problem of urban development. Because I believe that in the future we will be obliged to place greater emphasis on housing for low income people, I want to comment now on public housing as one aspect of this policy.

The task force raised many questions about the social implications of the existing types of public housing projects. The task force itself, many social agencies and knowledgeable individuals have made many suggestions that would serve to improve the quality of these projects, to minimize the stigma attached to those residing in public housing, and to create an environment that achieves human dignity.

The government intends to proceed as rapidly as possible to encourage developments designed to enhance the quality of life in

these developments and to encourage improvements in housing for low income groups, However, while we are undertaking studies of methods of improvement, we cannot lose sight of the fact that many people are suffering now from an inability to locate and pay for adequate housing in the purely physical sense. The needs are pressing in several parts of Canada, particularly in the large cities. The government cannot hold up projects in the advanced stage of development where prolonged delay in approval will result in the failure to provide the accommodation these people so desperately require. The task force has drawn public attention to this problem. Current projects, wherever possible, are being improved to reflect these views.

To clarify the immediate and long term intentions of the government let me state clearly that we support in principle, and will give high priority to, the continuation of federal assistance for increasing the supply of housing for low income groups. The program over the past few years has built up increasing momentum. It will not be frozen or curtailed while we give continued and active study and analysis to its effectiveness and adequacy.

Specific public housing projects which have been approved by C.M.H.C., but on which final authorization was delayed pending a statement on policy, will now be given the go ahead. We have indicated this decision to the provincial governments concerned. We intend to consider all applications as they are put forward, and we will authorize acceptable provincially supported projects to the extent of the funds available within a generous but not unrestricted budget. But we will not let this decision prevent the immediate intensification of discussions with the provinces with a view to improving the physical and social characteristics of public housing. We hope to reach agreement with each province quickly as to the type most suitable to its particular area.

Mr. Stanfield: Would the minister permit a question at this point. Am I to assume from what he is now saying that he considers it was a mistake to hold up these projects?

Mr. Andras: I do not consider it to have been a mistake, Mr. Speaker. I think it was a valiant effort. Everything was done to try to effect improvement to projects in train. But my dilemma was that a period of time had elapsed and I felt we had reached the stage that, even though there was something better possible in the future, we had an immediate requirement. I do not think that was a mistake, but time came upon us very quickly.

We look forward to the completion of these discussions within the next few weeks so that we can put forward improved criteria for public housing projects to be effective as soon as possible, but at the latest in the planning of projects proposed for development with federal assistance in 1970.

It is also our intention, following consultation with the provinces, to initiate an ongoing program of research and study into the wider aspects of low income housing. This research will include even more intensive consideration of the social, economic and psychological factors involved in subsidized housing so effectively dramatized by the report of the task force. We want to develop new concepts for improving our techniques for providing this type of social assistance.

Within the terms of the existing legislation there is scope to improve our methods of increasing the supply of subsidized housing and its quality. The present legislation enables us to consider with provinces projects developed through purchase from the existing stock rather than the construction of totally new units. The province of Ontario has utilized this approach to good effect already.

We are equally willing to consider subsidized housing acquired under lease arrangements, the prime leases to be negotiated by provincial housing authorities either on a long term basis or for a comparatively short term of, say, three to five years.

In the case of acquisition, the provinces can choose one of two existing federal assistance programs. First, there is the federal-provincial partnership. Under this arrangement the federal and provincial government share on a 75-25 per cent basis in the ownership, capital cost, and operating losses of the project. By the second method the federal government lends 90 per cent of the funds needed at a preferred interest rate, has no ownership interest, and pays 50 per cent of the operating losses. As I said, the provinces can choose to lease the accommodation. In this case, the 50 per cent operating subsidy by the federal government would apply.

We realize that both these techniques can be successful only where there is a significant vacancy rate in the community. In this context people should not be required to move to create vacant units for purchase or lease by the government.

These approaches do not increase the total stock of housing units, but they do provide

for some immediate relief and a better distribution of the available stock among income groups and a better integration of public housing into the general community. We want to explore with the provinces the increased contribution these programs can make.

These are other low income people who need help—those whose incomes are above the practical limits for public housing but who still cannot obtain decent accommodation in the open market. Therefore, I am particularly pleased that the bill before us will enable limited-dividend companies and non-profit organizations to make an even greater contribution toward reasonably priced accommodation.

Although section 16 of the act has been operative for years and many worth-while projects have been constructed by limited-dividend companies, the volume has never reached adequate proportions when measured against need. The same applies to section 16A, which authorizes loans to non-profit corporations. Over the years since the inception of this program these types of housing projects have received a preferential interest rate and greatly extended repayment period.

• (3:20 p.m.)

To provide further impetus the new measures contained in the bill will increase the loan level to 95 per cent of value from the present 90 per cent. It will also allow hostel and dormitory accommodation to be included in developments, irrespective of sponsorship. In fact, it widens eligibility for assistance to embrace sponsorship by any organization, corporation or individual.

I believe that these new arrangements will provide more low rental housing. In addition, it is an opportunity for private enterprise to add its full weight to our current endeavours. While the changes will have the effect of removing the 5 per cent limitation or restriction on potential profits, they will not affect the rentals charged because these are governed directly by contractual arrangements between the sponsor and C.M.H.C., as are the income limits for the tenants. It will be a requirement that these rents be substantially lower than those for comparable accommodation produced under normal lending arrangements.

One of the more significant features of Bill C-192 is the recommendation for a substantial increase in the assistance available for existing housing. Hon. members will appreciate that, even with easier home-ownership facilities now being made available for new housing, all Canadian families who aspire to home ownership will not be able to or may not even wish to realize their ambition in the new housing market.

Many of these families could satisfy their hopes through the purchase of lower priced dwellings in the existing stock. But mortgage financing for such homes is often difficult to obtain, especially in an amount which would allow the purchase with the modest down payment essential in the vast majority of cases.

At the present time many buyers have to resort to secondary financing, with the result that they are forced to make payments on first and second mortgages at the same time. Loans of up to $10,000 for the purchase of existing housing were first authorized about three years ago. The program proved successful in many communities; but again, particularly in our major centres, it is obvious that larger first mortgages are needed. An amendment in Bill C-192 now provides for 95 per cent loans up to a maximum of $18,000 and permits the full proceeds of the loans to be utilized for purchases and/or improvements. I wish to point out that home improvement is no longer a basic condition for the loan. I am firmly convinced that these changes have great implications for our housing program. They will be particularly effective in our largest centres where the need is most urgent.

Some of these changes will benefit public housing tenants. The incomes of some families living in public housing units have increased to the point where those families no longer need subsidy assistance. Until now it has been necessary for such families to seek other accommodation or pay higher rents based on their income and ability to pay. Some provinces have suggested that families be given the opportunity to buy the house in which they live and thus become home owners rather than public housing tenants.

This new loan level for existing housing of $18,000 would be suitable for all public housing projects in Canada. Consequently, where the provinces and the federal government agree it will be possible to make mortgage arrangements to allow tenants to buy their units.

Although the present legislation would appear to be wide enough to allow NHA insured loans for condominium projects, the bill before us states clearly the authority for the support of this form of housing. This relatively new type of home ownership is growing rapidly in Canada. I think eight out of 10 provinces have passed appropriate legislation

or are in the process of passing it. It is my hope that the approved lenders will support its use on a substantial scale. Condominiums can do much to extend home ownership to many families, including some who might not otherwise be able to afford homes.

Bill C-192 deletes references to loan-to-value ratios from the statutes and incorporates them instead into the regulations. This will enable the government to respond more quickly to changing circumstances. By regulation we recently increased the maximum NHA loan for the ownership of new houses from $18,000 to a more realistic $25,000.

To complement this increase a regulation will be drawn setting the loan ratio at 95 per cent on the first $20,000 of value and 80 per cent of the remainder up to the maximum loan. These actions will have the effect of measurably reducing down payments and eliminating much of the secondary financing which can produce very high monthly payments.

Also, to maintain monthly payments at a lower level, the bill extends the amortization period on loans for both new and existing housing to 40 years. At the same time the mortgage insurance fee is being cut to 50 per cent of the present charge. This will save $150 to $175 on the average single family home.

The new proposals contained in this bill comprise a much broadened approach—an approach offering vastly improved financing arrangements which will enable many families to again contemplate home ownership.

A major element, Mr. Speaker, of our federal housing policy has been the system of mortgage insurance provided under the National Housing Act. We must continue to look to private lending institutions for the bulk of our housing capital. The flow of funds from these sources must remain adequate. Canada's housing requirements demand a greater volume of private lending than ever before.

Preliminary indications and contacts are encouraging regarding the flow of mortgage funds from the capital market. But to confirm that this will be the case I intend in the very near future to hold discussions with the approved lenders.

At the present time the interest rate ceiling on NHA loans made by private lenders and insured under the act is established by the governor in council at 2¼ per cent above the long term Canadian borrowing rate and is adjusted at the beginning of each quarter.

[Mr. Andras.]

This quarterly variation has produced irregularity in the mortgage flow, often to the disadvantage of the borrower. For this reason the bill proposes freeing the rate entirely.

Certain of our lending institutions borrow investment funds on a relatively short term basis and it is common practice in their conventional mortgage lending to use five year terms. A recent change in the regulations permits NHA insured loans for a five year term with a longer amortization period and these measures will encourage additional private investment in housing. Accordingly, Bill C-192 amends the act to allow for an increase in the aggregate amount of loans which may be insured under the act from $11 billion to $15 billion. We feel that this adjustment will be adequate for the full participation of the lenders under the National Housing Act until 1971.

I have talked at length about housing and briefly about urbanization. These are inextricably linked. These two subject matters cannot be dealt with in isolation, being related to one another. Hon. members are aware that there has been much discussion in recent months about urban renewal programs in Canadian cities. It will be recalled that the urban renewal section of the National Housing Act was amended in several important ways in 1964. The legislation was extended to include blight of all kinds. Not just housing, but commercial and industrial property as well. The 50 per cent participation of the federal government was extended to include the cost of replacing all obsolete streets, underground services, and federal loans were provided to cover two-thirds of the municipal cost share of the work.

• (3:30 p.m.)

Following the enactment of the 1964 amendments, the provinces and municipalities responded enthusiastically and federal commitments for urban renewal since 1964 have been $170 million. Urban renewal projects are under way or contemplated in every major Canadian city and in a large number of smaller communities as well.

The task force reported that too often housing is being demolished in urban renewal projects to make way for commercial or public uses of various kinds. The task force asked whether it is proper to demolish existing housing in the face of the need for a greater stock and for its more flexible use. The current legislation fails to make provision for the rehabilitation of existing housing and thus prolonging its useful life.

We therefore propose, in Bill C-192, that the legislation be amended to provide for federal contributions of 50 per cent of the cost to provinces or municipalities for the acquisition and rehabilitation of useful housing in urban renewal areas. This change will make it possible to restore housing rather than to demolish it and to upgrade that part of the housing stock that can be salvaged. It is my hope that this change will introduce much more flexibility for provinces and municipalities in dealing with urgent renewal programs. As soon as the legislation is enacted, we propose quickly to discuss this new feature with provincial and municipal representatives of those cities whose projects have been deferred. We must also face another problem created by increased urbanization, the inflated land costs in our larger centres. As I am sure all hon. members are well aware, one of the most limiting factors in producing all forms of housing is the shortage and high cost of serviced land.

The existing legislation contains authority for federal-provincial partnership in land assembly developments to help overcome this problem. However, this program under section 35A has not generated much action. Section 35C of the National Housing Act provides 90 per cent loans to a province, municipality or public housing agency to acquire and service land, but as it now stands it is restricted to public housing purposes. Such loans are made at a preferred interest rate prescribed by the Governor in Council for a term of up to 15 years.

While the bill before you makes no reference to an extension of these arrangements, I will be introducing an amendment at the report stage. This amendment will extend the 90 per cent loans to cover provincial or municipal acquisition of land for all housing purposes. Private as well as public. This proposed change has been discussed with the provinces and all have concurred. Indeed some provinces have requested urgently that this amendment be made. Of course, adequate sewage treatment facilities must be available to service the land developed.

The present forgiveness feature for federal loans made under the act for sewage treatment projects terminates in March, 1970. The value of this legislation was emphasized by the representatives of the Canadian Federation of Mayors and Municipalities who recently came to Ottawa to make their annual presentation to the government. We are well aware of the value. They impressed upon us not only its purpose in assisting municipalities with their general programs, but that it very definitely contributes to an anti-pollution program throughout the country. Much has already been accomplished by this useful program and it is obvious that much remains to be done.

Many communities have projects in the planning stages that could not possibly be completed by March, 1970. To ensure the continuation of this program, Bill C-201, introduced Friday last, will extend the forgiveness incentive for a further period of five years to March, 1975.

Let me say, Mr. Speaker, that these amendments and consequential regulation changes represent another major step in the evolution of our housing policy. The passage of these two pertinent bills, C-192 and C-201, will provide a more flexible instrument to facilitate the realization of our federal housing objectives acting in concert with the provinces.

As I indicated earlier in my statement, federal housing policy seeks to encourage the required flow of capital into residential housing mortgages, to provide special assistance to those who are disadvantaged, to probe through research and experimentation into the broader aspects of urban problems and to help the provinces and municipalities in terms of municipal infrastructure financing and expertise. If the federal government is to devote more energies to one over another of these it will be to assist with all the resources we can command, the poor, the aged, the handicapped in their legitimate but more difficult search for decent shelter. My particular concern then is for the low income group.

It is my intention that the capital budget of Central Mortgage and Housing Corporation, the direct federal investment in housing, will be devoted to the special programs for low income families, the elderly, and the disadvantaged to a greater extent than in any previous year. These, Mr. Speaker, are the basic premises on which I will work.

I want to give sincere and due credit to the achievements of the past, especially the immediate past, and their thrust for ongoing change and improvement. But, too, I want to look to the future. One must deal, responsibly, within the parameters of what is realistically possible at any given time. As of now this provides considerable leeway for improved housing performance. If and when I find that these possibilities have been exhausted I shall probe the contraints and the arrangement of government priorities to seek needed adjustments.

As a new minister I intend to keep an open mind, receptive to and seeking constructive suggestions and advice from all sources inside and outside government departments, inside and outside governments. Particularly, I will welcome any and all suggestions hon. members may wish to make and it is my hope that each will add his own valuable contribution to the debate.

● (3:40 p.m.)

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, before the minister concludes his speech may I ask him a question. At page 23 of the text provided he has stated he would be introducing the amendment to deal with land acquisition at the report stage. Can he not do this earlier when the bill is in committee? I think everybody would agree we could examine all its ramifications there. Would he agree to taking that course?

Mr. Andras: Mr. Speaker, I would be agreeable to seeking the passage of that amendment at the earliest possible stage but the procedural advice which I received, and that I conveyed to the house earlier, was that I should do it at the report stage. However, if there is any way to speed it up I will be delighted.

Mr. McCleave: Mr. Speaker, Mr. and Mrs. John Parsons of Halifax have had to spend many days recently in cold spring weather living in a tent in a backyard in Halifax. They have read with interest, and very considerable scepticism, the comment of the Prime Minister (Mr. Trudeau) that there is no housing crisis in Canada. When one considers that the Parsons, like a good number of other families, have an income from which they could devote approximately $125 a month for accommodation, one realizes that something is seriously wrong. I shall get into the seriously wrong things later in my contribution.

First, I would like to compliment the minister upon assuming a very important portfolio. Actually it is a "without" portfolio, and I wish I could compliment him upon being minister of housing and urban affairs. However, he is to be a Minister without Portfolio, although seized with this very important matter of housing, and there is not a soul in this chamber who would not join with me in all good wishes to him. I think I can say, although perhaps I am offending the oldest political rule in the book by being kind to an opponent, that his characteristics of earnestness and sincerity will stand him in good stead in the years ahead as he tackles our housing problems.

One year and one day after the Prime Minister became prime Minister his righthand man in English speaking Canada, his righthand minister in cabinet, resigned. I refer to the former minister of transport who also had been seized with housing matters. I hope that the former minister, who performed a useful function for Canadians by working on the task force on housing, will take part in this debate, although I do not see him in the chamber today.

Sir, when that minister resigned he stated, and I quote from an article by him in the Toronto *Daily Star* of May 10:

> I find myself unable to keep my pledge (of meeting Canadians' urgent housing problems) because of a concept of federalism espoused by the Prime Minister which, in my view, prevented action not only to meet the housing problem but to deal as well with a number of other issues which I believe to be of major concern to Canadians.

In the letter that the minister sent to the Prime Minister at the time of his resignation on April 24, he said:

> I feel there is a lack of initiative in using federal powers to deal with issues such as housing, polution, inflation and urban development which are so vital to the needs of ordinary people in our modern, industrialized society.

Later on, sir, I will be making an argument based not only on what the former minister of transport said but on other factors that I feel would compel this parliament to establish a ministry of urban affairs. I do not think we can possibly advance into the 21st century and solve our problems without it, particularly the growth problem that, believe it or not, is going to turn the area between Milwaukee and Quebec City into the world's greatest megalopolis within some 30 years. I will unveil that portion of my speech later on.

Now, back to the view of the Prime Minister regarding the constitution, and back to the problem that caused the former minister in charge of housing to resign from the cabinet. No housing crisis? Of course, Mr. Speaker, the housing crisis is not a general crisis across the whole range of housing except in so far as costs and inflation are a general factor everywhere. But certainly for the poor people of Canada there is a housing crisis, and a housing crisis of major proportions.

Recently the Prime Minister visited Calgary and met with certain people who protested a new development in that city. Five houses were being demolished to make way for a new high rise apartment, and it was the

eviction notices to a score of families in these big old houses that spawned the Calgary organization that tossed tomatoes at the Prime Minister. One would think that having tomatoes tossed at one would make one reflect on one's statement that there is no housing crisis, the statement which prompted the tomato tossing.

Now, to deal with the minister's bill. There are 21 clauses in it. Clause No. 2 removes the interest ceiling, no. 3 cuts the insurance fees in half. Clause no. 7, as the minister pointed out, makes changes, and I think significant changes, in the low rental housing area. The change in clauses 9, 11, 15, 16, 17 and 20—almost one third of the bill—is that the Governor in Council no longer needs to approve of certain decisions by Central Mortgage and Housing Corporation. The task force suggested cutting red tape at the municipal level, but C.M.H.C. and the present minister have made what I think is a very smart move in this direction, although he did not refer to it in his speech, by giving C.M.H.C. greater independence. It is a step that I believe could quite easily be supported by everyone. Four other clauses in the bill increase the ceiling amounts of loans by several millions, and by hundreds of millions of dollars in some cases. As the minister has explained these should carry the act through until, say, 1971, when we will have to increase the ceilings again.

Clause 14 provides for some increase in research. I wish it were more because I think the only way we are going to solve the housing crisis which affects the poor people in Canada is by some major breakthrough in cutting down the costs of building homes. If I had my way, instead of running around with a task force I think I would take a leading architect, some leading industrial engineers, and some leading builders, lock them up in a room and tell them to come out in a month's time with a program that would bring the benefits of mass production into the housing field, possibly using new materials and certainly using the best new techniques that could be devised. Unless we make an approach on that line we will always be struggling with the very serious financial problems that beset homebuilding in Canada.

• (3:50 p.m.)

Now, resuming the résumé of the bill before us, Mr. Speaker, I think there is an improvement in the student housing situation. Some more flexibility is brought into that field. I think this is a commendable step. Indeed, of all the features in the legislation, perhaps the only one with which one could seriously quarrel is that which removes the ceiling on the interest rate on mortgage borrowing. I will have something to say about that in a few minutes. Looking at the accomplishments of the minister as contained in the bill, I would say some five recommendations of the task force on housing are included. The task force, as we know, made some 45 recommendations altogether. In addition, the minister very sensibly has reversed the decision of the former minister to freeze low cost rental projects, public housing projects. He is allowing them to go ahead but faces the problem of finding the same solution the former minister sought, that of coming up with better criteria and better types of public housing. However, the result of the decision by the former minister is that public housing projects have been postponed because of the freeze for approximately six months. This has added very seriously to the problems the poor people of Canada face in respect of having a good roof over their heads.

While the minister dispenses a pretty interesting and tempting package of proposals for us, the Minister of Finance (Mr. Benson) is at work. The Minister of Finance has presented to us Bill C-191 which by clause 15 would impose certain new taxes upon the insurance companies of Canada. In 1967 the total mortgage portfolio held by the life insurance companies in Canada amounted to $6.6 billion. This represented 50 per cent of their total assets. In other words, the housing industry in Canada could not exist without this massive amount of money the private sector has made available. The best opinion we have, however, is that this clause 15 will result in a 15 per cent increase in the tax and operating expenses of the life insurance companies with the further result that $90 million less will be available for mortgage funds. If we use the yardstick I noted that they invest about half their assets in housing then we can expect a $45 million decrease in the funds made available by life insurance companies for mortgages. That I suggest is a rather substantial blow to the home building industry of Canada.

As Mr. K. R. MacGregor, the president of The Canadian Life Insurance Association and before that superintendent of insurance in the federal government, noted on "Viewpoint" on May 12:

> The broader effects of the new taxes will be felt more in the extent and nature of the capital provided through life insurance companies. Since the war, the life companies have financed about

one out of every four housing units built in Canada but the new conditions are bound to reduce the volume of these investments.

So, one must look at the whole policy. I hope the minister will yet be able to persuade the Minister of Finance to take a second look at a policy which in effect will drain $45 million from the home construction industry in Canada.

In respect of the removal of the interest ceiling and the other suggestion that the interest rates be re-evaluated every five years, the task force points out at page 28 of its report:

A rise of one percentage point in interest rates adds more than $9 to the monthly payment on a $15,000 25-year mortgage, raising its total amortization cost by more than $2,800. A two percentage point increase in the same mortgage raises the monthly payment by some $19 and the total cost over 25 years by about $5,700. These are hardly insignificant amounts. Nor do they tell the whole story. Developers and builders operate on credit, too. When their cost of money, short or long-term, is high, they have no alternative but to reflect this increasing cost in higher prices for their product.

Later on on that page we find one of the shortest sentences in the task force report:

Mortgage interest rates must come down.

Then on the following page we have the recommendation of the task force:

To ensure a more continuous and even flow of mortgage funds and in the hope that the NHA rate might well decline, the Task Force therefore recommends that:

The interest rate for insured loans under the National Housing Act be freed to find its own level in the financial marketplace.

This is one point which surely will be contentious with relation to the legislation presented to us by the minister. In committee we will have an opportunity to explore the ramifications of that particular matter. I should like to point out, however, that these mortgages under the National Housing Act are insured. A special insurance fund exists. Those who have read the task force report will know that the loss under this fund so far has been running about 50 per cent of the insurance moneys paid into it. So, I suggest there is a very small element of risk in insured N.H.A. mortgages. If there is a small element of risk, I suggest this makes it all the more reasonable for people to accept a lower rate of interest or return on their money which they invest in the mortgage part of home building in Canada. This point will be pursued when the bill is before the committee.

[Mr. McCleave.]

The minister also pointed out that there are provisions in the bill for the five year roll-over type of mortgage. That means that the interest rate may be re-assessed and re-negotiated at the end of each five year period. This may provide some flexibility, but I ask whether back in 1964 anyone would have gambled that the interest rates would stay between 6 per cent and 7 per cent rather than reach levels of, say, 9½ per cent; who would want to gamble concerning what the interest rates will be five years from now? Certainly we would all like to see them come down. But there is no guarantee that the 9½ per cent interest rate will come down at all. The inflationary peak is still on our economy and there is simply no guarantee whatsoever in that regard. So, for the several reasons I have mentioned a determined fight will be made to hold the present provisions in the National Housing Act rather than allow interest rates to go to hell, west and crooked.

• (4:00 p.m.)

Now, let me refer to the problems of the low income group where the real crisis exists today in respect of housing in Canada. The task force report at page 52 states:

—there is no question that first and most urgent priority must be given to the needs of the lower-income groups, whatever their racial origin or geographical situation.

Only one per cent of Canadian dwellings are publicly owned low rental units and the Canadian Welfare Council has estimated that 50 per cent of Canadians need some public help with housing. The fourth annual report of the Economic Council of Canada suggests that at least one million Canadians live in substandard housing. The fifth report of the Economic Council estimates that 29 per cent of the entire population, including 4.2 million urban residents, are living in what they define as a low income situation.

The research office of the official opposition has gone into this matter of Canadian incomes quite thoroughly. In Newfoundland 52 per cent earn less than $4,000 per year; another 17 per cent are in the $4,000 to $5,000 category; another 11 per cent are in the $5,000 to $6,000 category; another 6 per cent are in the $6,000—$7,000 category and 4.5 per cent are in the $7,000—$8,000 category. This makes up almost the entire population of Newfoundland. There simply is not enough income available to over 90 per cent of Newfoundlanders to fulfil their dream of owning houses.

In Prince Edward Island the figures in respect of these earnings are as follows: 68 per cent earn $4,000 per year; 14 per cent earn between $4,000 and $5,000; 7.6 per cent earn between $5,000 and $6,000; 4.5. per cent earn between $6,000 and $7,000, and 2.5 per cent earn between $7,000 and $8,000. So again the bulk of the wage earning population in that province is simply unable to buy homes if you use the yardstick that one's income should be at least $8,000 per year.

In my own province of Nova Scotia, 54 per cent of the people earn less than $4,000 per year; 16.5 per cent are in the $4,000 to $5,000 category; 11.5 per cent are in the $5,000 to $6,000 category; 6.5 per cent are in the $6,000 to $7,000 category, and 2.2. per cent are in the $7,000 and $8,000. Again the story is the same. Most Nova Scotians are simply unable to own even the most modest home.

In New Brunswick the figures are almost identical to those for Nova Scotia. Some 54 per cent earn under $4,000; 16.5 per cent fall in the next $1,000 category; 11.5 per cent earn between $5,000 and $6,000; 7 per cent earn between $6,000 and $7,000 and 4 per cent earn between $7,000 and $8,000.

We now move into central Canada where we find that 45 per cent of the wage earners in Quebec earn less than $4,000 per year; 17 per cent earn between $4,000 and $5,000; 13 per cent fall within the next $1,000 level; 9 per cent fall within the $6,000 to $7,000 category; and 5.5 per cent earn between $7,000 and $8,000.

In Ontario, generally estimated as the richest of the provinces, 40 per cent earn under $4,000; 15 per cent fall within the next $1,000 category; 14 per cent fall in the next category; 11 per cent in the next and 6.5 per cent earn between $7,000 and $8,000. Even in this province, with its resources and great industry, there are many people who will simply never have the chance to own their own homes at today's costs.

In Manitoba 48 per cent of the wage earners fall in the $4,000 per year category and the figures in respect of the next four $1,000 steps up are 16 per cent, 13 per cent, 8 per cent and 5 per cent.

In Saskatchewan the figures are almost identical being 40 per cent under $4,000; 15.5 per cent in the next category, then 12 per cent, 8 per cent and 5 per cent.

In Alberta the figures are 45 per cent under $4,000, then 16 per cent, 13 per cent, 9 per cent and 6 per cent. Then in British Columbia the figures are 38 per cent under $4,000, 13.5 per cent, 14' per cent, 11.5 per cent and 7.5 per cent.

So, from the standpoint of even those provinces which you might call the "have" provinces such as Ontario and British Columbia, more than half the wage earning population receives an income which would not under any circumstances permit the owning of a home. This government's failure to deal with costs is illustrated, I suggest by the lack of action on the task force recommendations and the recommendation of the Carter Royal Commission that the 11 per cent sales tax be removed. There has been a conspicuous failure in this regard on the part of this government, or at least there seemed to be to the former minister because it apparently was largely responsible for his resignation. His own land assembly suggestions were ignored on constitutional grounds.

The new minister has apparently had somewhat more success in this area. He told us today about the amendment that he will be presenting. Incidentally I have had a question on the order paper for several weeks which asks whether the recommendations of the task force were studied with a view to determining whether or not they were constitutional. My understanding, as a result of contacts with reliable sources, is that these recommendations have been found to be constitutional. That was not the Prime Minister's opinion, but the Prime Minister is not a law officer of the Crown. I suggest he should not be a legal advisor to his own government on constitutional matters. There are people being paid very well to perform this function. They have had considerable practical experience over the years with the constitution of Canada, and they are the people whose advice should be sought on these matters. In any event, I have asked the question and in the immortal parlance which exists around here I suppose I will soon get an answer.

Earlier I mentioned the wage level problem across Canada. Perhaps I should also mention that it seems to be the dream of Canadians to own their own homes. This is a dream which is almost impossible of fulfilment for most of them in view of the way things are today. None the less, it is a dream which exists in the hearts and minds of the men and women in this country. The task force report points

out that approximately 80 per cent of Canadians wish to own their own home. This statement appears at page 17 of the report and I will quote directly from it:

• (4:10 p.m.)

Invariably the response indicated that at least 80 per cent of those present wanted to own their own home, the same figure incidentally which Professor Edward Michaelson of Toronto obtained in a more scientific sampling.

Yet the figures on wage levels in Canada that I have read into the record undoubtedly indicate that at least 80 per cent of Canadians cannot own their own single family dwelling. The statistics have borne out that single family housing starts have decreased each year in Canada. In 1948, the figure was 63.6 per cent, in 1964 it had gone down to 46 per cent and in 1968 it had dropped to 38 per cent. This is something on which all of us should reflect.

This decrease in single family housing starts does not so much reflect the lack of building as the lack of economic resources to make use of what is available. For example, the Toronto Progressive Conservative Forum established a special housing and urban services committee which, after considering the limited dividend provision of the act, stated in its report:

Between 1950 and 1964, 436 projects containing 32,462 housing units were constructed in Canada under section 16 of the National Housing Act by limited dividend housing companies and private entrepreneurs, for rental to families and individuals of low income. This is an average of 2,164 units per year. However, in 1965 only 70 suites were constructed under this scheme, and in 1966, 1967 and 1968 none were constructed.

This situation becomes grimmer and grimmer when one realizes the nature of the massive problem we are up against in dealing with reasonable accommodation for those on low incomes. The president of the Canadian Association of Real Estate Boards, Mr. Dennis R. Stewart, stated that:

—60 per cent of persons who are seeking homes do not have the income for one at current prices.

Mr. Stewart also notes that:

—since they cannot qualify for C.M.H.C. loans restricting payments to 27 per cent of income, they are forced into rental accommodation where many pay up to 40 per cent of their income.

If the Prime Minister is still not convinced that there is a housing crisis for people on lower incomes in Canada, let me tell him that the Toronto housing authority currently has 11,000 families, most of them earning under $5,500 a year, on the waiting list.

[Mr. McCleave.]

I said earlier that I am sorry one cannot address the minister as minister of housing and urban affairs. I think that there are many good reasons for establishing such a department as quickly as possible. Indeed, this was one of the recommendations of the task force. The task force suggested in part that the government through such a department could encourage, support and co-ordinate an expanded urban research program with greater priority on the initiation of practical research programs including pilot projects. I think that in the field of research the need for such a department becomes very apparent.

Mr. Andras: Would the hon. member permit a question? Would he not agree that the matter of how I can be addressed only means that my services are a little less expensive than they would be otherwise?

Mr. McCleave: I think the minister is a young man with a family and, like everyone else here, we try to do our best to bring up our families. I would not begrudge him the extra income which he would receive as the minister of housing and urban affairs. I think that in any event, he is going to earn every penny he is being paid. I wish he were being paid at the more decent level of a minister with portfolio.

There are other problems, such as problems of pollution and of urban transportation. These are the things that should be dealt with by a department such as is recommended by the task force and such as my own party recommends. But there is probably a better reason than that for establishing such a department, one that will become apparent before the end of this century, and that is the development along both sides of the St. Lawrence River of the most heavily populated part of North America. At present the area that extends from Boston to south of Washington has the distinction of being a megalopolis, but it is hedged by the Appalachian mountains on one side. Probably it cannot go further north or south for climatic reasons, and possibly it has reached its natural size in any event.

Recently in Detroit a farsighted company, the Detroit Edison Company, retained the services of a great Greek architect, Dr. Constantinos Doxiadis. The Doxiadis group went to work in the city of Detroit, looked at its future growth, and by the time they had completed their studies found that they really had to examine the growth of the whole area from as far west as Milwaukee to as far east as Quebec city. So, what started as a problem

for Detroit was projected for the next 30 years, and that group could only find the solution by looking at the development between Milwaukee and Quebec city. The Doxiadis group came to the conclusion that a megalopolis would develop on both sides of the St. Lawrence waterway system and around two of the Great Lakes. The following statement appears in a brief resume of the Doxiadis studies:

> The 1960 population of the Great Lakes megalopolis was 22.5 million versus 7 millions of the eastern megalopolis. The eastern megalopolis, although older than any other area of heavy population concentration, has a limited growth potential due to geographic considerations. It is predicted that within the next 30 years the Great Lakes megalopolis will actually overtake the eastern megalopolis in population.

The word "overtake" simply means another 15 million people, without taking into account a reasonable increase in the population which will take place in any event. Those who think that Lake Erie, with the population around it now, has a pollution problem should realize the enormity of the problem that will exist around Lake Erie with double the number of inhabitants. The same could be said, I suppose, with regard to Lake Ontario. The fact is that this megalopolis which is foreseen within 30 years, spreading from Milwaukee through Detroit, up both sides of Lake Erie and Lake Ontario and up the St. Lawrence to Quebec City—

• (4:20 p.m.)

An hon. Member: "Down the St. Lawrence", surely?

Mr. McCleave: Yes, down the St. Lawrence to Quebec City. It would go through two provinces and, I suppose, five or six states. This seems to me to be a most compelling argument in favour of a department which could put its resources into planning, in conjunction with Ontario and Quebec, in preparation for what is bound to happen. This department would study the urban transportation situation which is bound to develop. It would study the transit of electric power. This is a major factor and is the reason the Detroit Edison Company commissioned such a study in the first place. There are all sorts of compelling reasons for action on the part of the federal government through a department of the kind I am suggesting if there is to be anything in the nature of a half decent, orderly growth in this area which, in Canada, will stretch from around Windsor to Quebec City. I hope the minister will be able to use his influence to have this grave deficiency in our present set-up corrected.

In brief, I think most of the measures which have been presented to us by the minister can be supported. They will, of course, be studied in the committee where important questions will, I am sure, be asked, and some amendments put forward. I believe that the clauses dealing with interest might well have been left out of this legislation altogether, at least until we have some control in parliament and in the country over inflation. The bill has many commendable features. Unfortunately, it seems to me that the problems of about half the people of Canada, those in the lower income brackets, will remain largely unsolved despite this legislation.

Mr. John Gilbert (Broadview): It would be very easy for me to say that the minister in charge of housing is a man of compassion, sincerity and ability. He took those qualities with him to the Department of Indian Affairs and Northern Development; he listened patiently to the complaints of the Indians, indeed, he probably listened too patiently because he was subjected to severe criticism from the Prime Minister (Mr. Trudeau) and other persons. The effect of this was to render him somewhat ineffective in his performance. It is easy to say he will bring compassion and sincerity to his new duties as minister responsible for housing. But what he really needs is conviction and determination if he is to solve the housing crisis in Canada today.

After listening to his 26-page performance today, I can only conclude that he has attempted to become an image-maker. He has attempted to become the good guy with regard to housing, because housing has become so delicate an issue in Canada that all the newspapers and housing authorities have begun to jump on the government for action. As I listened to the minister's speech I could not help thinking it represented a big, gift-wrapped box with very small gifts contained therein.

I intend to make a few suggestions in the course of my brief remarks. I was pleased by the minister's statement just before resuming his seat that he would welcome any suggestions hon. members might wish to make, and that he hoped they would make their contributions to the debate. Yet when the spokesman for the Conservative party got up, the minister headed straight for the television

cameras and the microphones instead of listening to the worthwhile criticism expressed by that hon. member.

Mr. Andras: The first thing I will read in *Hansard.*

Mr. Gilbert: If that represents an attempt to become an image-maker, if it is an attempt to become a good guy, one would be critical of the minister's performance.

Bill C-192 is really a slap in the face to most Canadians. It is really a housekeeping bill in relation to the National Housing Act and the Central Mortgage and Housing Corporation. It represents capitulation to the financial institutions in respect of mortgage financing and interest rates. It reflects the callous, arrogant and determined intention of the Prime Minister not to give federal leadership in the field of housing. The Prime Minister shelters behind the constitution while thousands of Canadians have no place to lay their heads, while thousands of Canadians are forced to endure poor and inadequate housing and while most Canadians are obliged to pay far more than they can afford by way of rent, repayment and interest rates.

This cannot be said to be the minister's bill. It is the Prime Minister's bill. It is a poor answer to Canada's housing needs. It is the Prime Minister's attempt to fulfil election promises and his implementation of the recommendations of the task force report. I do not have to review what happened to the task force report, or recall the consequent resignation of the former minister of transport in charge of housing. He stated that differences had arisen between himself and the Prime Minister with regard to the concept of federalism and that he had a responsibility to his constituents to help provide decent housing, clean air and clean water. I hope the hon. member who was in charge of housing will rise in his place soon and make some constructive criticisms of this legislation.

I was impressed by an article which appeared in last Saturday's Toronto *Daily Star* under the headline "Trudeau is Only Fair as Prime Minister, Voter Survey Indicates". It was written by Peter Regenstreif, and this is what he had to say:

After one year in office, Pierre Trudeau gets an "only fair" or "poor" rating from most of the Canadian electorate for the job he has been doing as Prime Minister, according to a national survey.

The public is disappointed with his handling of basic issues such as high taxes, the cost of living, housing and poverty.

[Mr. Gilbert.]

It goes on later to say:

A Don Mills processing engineer said: "I think Trudeau has improved our image in the world. They know who he is now outside the country and they sure notice Canada now. And young people are more interested in government now that he is there."

Trudeau's detractors feel that he has done little or nothing while in office and that he's been too much of a swinger: 41 per cent of those criticizing him—23 per cent of the entire sample—do so because, as a garage mechanic in Beauce in rural Quebec put it: "He's too busy with travelling around and being kissed by young girls."

A Montreal plant manager was blunt: "All he's done is a lot of talking and no doing."

The next paragraph goes on:

Rural Quebec is unhappy. A maintenance supervisor in Alma claimed: "Abortion and divorce bills won't do anything about our problems here. He should be busy doing something about the Saguenay and Lake St. John districts. We need employment here."

Westerners are especially up in arms. A farmer in Milk River, Alberta complained: "He hasn't done anything noticeable. We've lost our markets. But he shrugs off the important issues and he avoids any concrete answers. No one knows what he stands for—and wasn't he a comic in England?"

• (4:30 p.m.)

Here is a survey under the byline of Peter Regenstreif, one of the noted surveymen in the country.

Mr. Corbin: Ha!

Mr. Gilbert: I hear one of the Liberal members is not too happy with the comment about this survey. Bill C-192 is the Prime Minister's bill, not the bill of the minister in charge of housing. I also note that after the Liberal backbenchers read Bill C-192 they became very disturbed because they found it wanting in regard to supplying houses to persons in the low income groups and in regard to alleviating the high cost of land.

I hope that Toronto members will rise in their places and relate to the minister the housing problems we have in Canada, because there has been an almost graveyard silence from the members of the Liberal party who represent Toronto in connection with this problem. I do not hesitate to say that the problems of Torontonians have been expressed by the Toronto members of the New Democratic party while there has been a stony silence on the part of Toronto members in the Liberal party. I hope that the hon. member for York West (Mr. Givens), who has had broad experience as a former mayor of Toronto as well as experience in housing and urban development, will broaden the debate by making a constructive contribution.

The new minister has assured us that he has an open mind on this subject, and that he has been immersing himself in this subject of housing. Last Friday he surfaced to bring forth one amendment concerning the extension of the date on loans to the provinces and municipalities for the construction or extension of sewage treatment projects. Today, I notice he added to the category of definitions. This is the first time I have heard the word "indulgibly" accommodated. I should like the minister when we get into the committee to give us the full meaning of that word because it appears to be one that one of the men in Central Mortgage and Housing Corporation has dreamt up or has read in some periodical and which he thinks may apply to Canadians.

I am not very impressed with the start made by the minister. Instead of setting forth a target of a number of housing units for Canada and giving the proper mix of housing, whether it be residential public, co-operative or housing for senior citizens, and also emphasizing the high cost of land, high interest rates and giving housing guidelines, the minister has indulged in rather a price essay on housing problems. It is an essay that has probably been composed by some of the learned economists employed by Central Mortgage and Housing Corporation. The minister's speech was no reflection of his compassion, sincerity and ability. I have said that this bill is a slap in the face to most Canadians because it is only a housekeeping bill. It is a capitulation to the financial institutions. It is also an indication of a lack of leadership.

We find that the first amendment contained in this housekeeping bill is to widen the definition of the word "house" so as to include condominium housing and existing homes for the purpose of loans made by approved lenders. We then find a series of increases in the statutory limits. There is an increase in the statutory limit on insured housing loans under the National Housing Act to approved lenders of from $11 billion to $15 billion. This is not very impressive because our commitment as of December 31, 1968 was $9,500 million. In other words, there still remained $1.5 billion within the statutory limit. Having read of the performance of C.M.H.C. last year, I am aware of the fact that only $793.4 million was spent by assured lenders on housing.

Secondly, there is an increase in the statutory limit from $5,200 million to $6,100 million for public housing. Again our commitment as of December 31 last was $4,300 million. Last year we spent only $217.7 million in this department, which was less than one half the total for 1967. Again, we would have been far within the existing statutory limit.

Thirdly, there is an increase in the statutory limit for home improvement loans of from $550 million to $600 million. The commitment as of December 31, 1968 amounted to $479 million, whereas last year we spent only $23.9 million, representing 10,524 loans, which compared to 1967 was a drop from 16,631 loans which amounted to $35.2 million. So, again we would have stayed within the statutory limit.

The minister is also increasing the statutory limit for student housing from $350 million to $550 million. Our commitment as of December 31 last amounted to $307 million; last year we spent only $60.1 million. The existing statutory limits and the intended increase indicated that, with the exception of student housing loans, and, if the performance this year is the same as the performance last year or even if there is a slight improvement, there will be no necessity to increase the old limits to the proposed new statutory limits. In other words, these changes are mere housekeeping, window dressing, to create the impression of concern and activity when in fact there is a lack of concern, and inactivity.

I have said that this bill amounts to a capitulation to the financial institutions. When I read Clause 2 of the bill, which frees the fixed interest rates on insured loans through the instrumentation of the Governor in Council, my first reaction was: Who asked the government for this change? Was it the borrowers, the mortgagors, or was it the banks, the insurance companies and the trust companies?

We all recall the experience of the banks when they were limited to an interest ceiling of 6 per cent under the Bank Act. We remember the great performance they put on before the standing committee on finance, trade and economic affairs, as it is now called. They said they must have an increase beyond the 6 per cent, and the government yielded. We now find that bank interest rates range from 8 per cent upward. Let me assure you, Mr. Speaker, that it was not the mortgagors who asked for the freeze on interest rates to be lifted, but rather the banks, the insurance companies and the trust companies.

These companies have been playing a cat and mouse game with the government. Instead of ensuring a steady flow of money into the mortgage market, they have held back and refused to participate or have invested in other fields that give them higher yields. We all recall the experience of the former minister of transport in charge of housing last August when he called to Ottawa the representatives of the insurance companies, trust companies and banks and explained to them the problem being encountered in regard to mortgage financing. They refused to increase the flow of mortgage money and in September, when we returned to Ottawa, what happened? We had to put $170 million, which could have been used for public and senior citizen housing, into the mortgage field. I mention this to illustrate the performance of some insurance companies. The annual C.M.H.C. report for 1968 indicates that the volume of mortgage money made available by insurance companies in 1968 declined from the total made available in 1967. The insurance companies also practice the trick of putting their money into equities. They would sooner do that than put money into mortgages. That shows how necessary it is for us to obtain commitments from financial institutions for mortgage moneys. We can do this by persuasion or, if necessary, by legislation. They ought to set aside, out of sums they can invest, money which can be made available for mortgages. After all, whose money do insurance companies collect? Their money comes from the premiums paid by ordinary Canadians. There is an obligation, therefore, on our insurance companies to see that sufficient mortgage money flows to the mortgage market and that there is no shortage of mortgage money.

• (4:40 p.m.)

I was impressed by a statement made by the president of C.M.H.C. In a report he said that the all absorbing problem facing many in this country during 1969 has been the problem of lack of mortgages. He realizes, as I hope the new minister realizes, how necessary it is to impose lending obligations on our financial institutions in order that those institutions can fulfil their obligations to all Canadians.

When I heard that maximum mortgage repayment periods were to be extended from 35 to 40 years, I was at once reminded that most C.M.H.C mortgages run for 25 years. Now, we are to extend the term to 40 years. Can you imagine what that will do to the average Canadian, Mr. Speaker? He is ready to buy a house by the time he is 25 or 30. By then he is married and probably has a couple of children. During his 30's, when he has many expenses and is buying a home and trying to raise a couple of kids, he faces the prospect of a 40 year mortgage. He will be 70 by the time it is paid off. Is that not a great performance on the part of the government?

Mr. Knowles (Winnipeg North Centre): That is where I come in, with pensions.

Mr. Givens: It is an open mortgage.

Mr. Gilbert: The hon. member for York West (Mr. Givens) says it is an open mortgage. I hope he realizes how heavy will be the morgage payments with present high interest rates. The homeowner will be repaying his loan for 40 years. When he is 60 or 65 years of age his income will decline but he will still have to maintain high, fixed mortgage payments. That is the sort of thing our financial institutions have persuaded the government to countenance.

I see that the regulations are to be changed and that mortgages can now be renewed every 5 years. It is not the borrower who has asked for these changes; it is the financial institutions which want to take advantage of rising interest rates to screw even tighter the financial vise. They want mortgages to be drawn on their terms. They do not put people first but profits first, and for that they should be roundly condemned.

The government has failed to give leadership in the field of housing. All the same, I should like to see the minister without portfolio who is responsible for housing elevated to the position of a full minister. I suppose he would be the minister of housing. After all, to argue that you are saving Canadian taxpayers $8,000 a year by calling him a minister without portfolio is not fair to the minister. I say he is entitled to a ministry.

Mr. Alexander: That is right.

Mr. Gilbert: I wish the minister had brought forward a proper housing program and included in that an appropriate housing mix. Special emphasis ought to have been paid to low income families. That was not done. Instead, the government has hidden behind the constitution and has given no comfort to those without homes.

Mr. Bigg: I agree with that, Mr. Speaker.

Mr. Gilbert: On April 25 of this year, the Prime Minister said in this house that there was no housing crisis in Canada. Yet today the Minister said we have a housing crisis. Then, he indulged in semantics and said, "You know, there is a difference between a housing crisis and a housing problem". He indulged in a word marathon—if one may call it that—and one must assume that C.M.H.C. economists advised him about aspects of the housing problem. Nevertheless, his argument was that there is a distinction between a housing crisis and a housing problem.

The Prime Minister displayed a callous and arrogant attitude on April 25 when he spoke about housing. Having been to Camden in the Maritimes and seen the deplorable housing conditions there and having had tomatoes thrown at him in the west, the Prime Minister may have said to the Minister without Portfolio in charge of housing, "You know, you had better say there is a housing crisis, but you could perhaps indulge in a little semantic word play and say there is a difference between a housing crisis and a housing problem".

The N.D.P. party says there is a housing crisis, and that view is shared by most Canadians. But why do we say this, Mr. Speaker? We say it because there is a shortage of housing stock and because houses are very expensive. I hesitate to repeat figures, but I must repeat them if I am to persuade the government that there is a shortage of housing in Canada.

The report of the task force on housing indicated that there are 5.5 million housing units in Canada and that there are 5.7 million family and non-family housing users. On the face of it, therefore, we have a shortage of 200,000 homes. The report said that of these 5.5 million houses, 500,000 are in sub-standard condition. Also, 400,000 families are doubling up and 100,000 people are on waiting lists for public housing across this country. I am prepared at this stage to accept the findings of the Economic Council of Canada and of the task force on housing. Clearly, 200,000 homes must be found.

Let us examine what housing units have been built in the past. In 1966 I note that 134,000 units are listed as being built; in 1967 that figure increases to 164,000 units and, in 1968, to 196,000 units. Yet I note that these are housing starts. When one examines the number of houses completed, one sees a slightly different picture. I am talking about homes which are ready for occupancy. We find that in 1967, 149,242 units were completed; the completion figure for 1968 rose to 170,993 units. I emphasize that these latter figures are for housing units which have been completed.

Let us examine the types of homes that were built in 1968. Of 196,878 homes begun in that year, 111,425 consisted of apartments or row housing units, only 85,453 being single family, semi-detached or duplex accommodations. As the president of Central Mortgage and Housing Corporation indicated in his annual report, this is the first year in which construction of private dwellings has accounted for less than half of total housing starts. Is it any wonder it was necessary to have $170 million for construction of detached and condominium units in September of last year?

• (4:50 p.m.)

I remind the minister in charge of housing of the brief presented by the Co-operative Union of Canada wherein they stated the broad outline for mixed housing should be 65 per cent residential single family homes and apartments, 10 per cent to 20 per cent public housing and 15 per cent co-operative housing. In 1968, 98.5 per cent of all homes were residential, 1 per cent public housing and I think I am being generous when I say .5 per cent was co-operative housing. This is the problem which faced the former minister when he presented his estimates to the Standing Committee on Health and Welfare. There is nothing in this bill which will correct the imbalance of housing.

We in this party say there is a housing crisis in Canada not only because there is a shortage of housing, but because of the high cost of housing, land costs, mortgage financing, interest rates and the material costs. I wish to deal with these separately. Very little of the material costs are accounted for in the sharp increase in home costs. Production methods have absorbed much of the increased labour costs.

When the Minister of Finance (Mr. Benson) refused to remove the 11 per cent sales tax, this indicated he wished to retain this financial instrument. We in this party said at that time if the tax were not removed it should be applied as part of the down payment on a home valued to $25,000. The increase in the cost of labour and material has not been the major component with regard to the high cost of housing. It is the second phase of mortgage financing, as the President of the Central Mortgage and Housing Corporation has said,

which is the all-absorbing concern. At page 11 of the C.M.H.C. annual report the president stated:

> Some $4 billion will be required in each of the next five years to produce housing in a volume sufficient to meet needs. Some of this money will come from the traditional lenders, some will be provided by sources outside the mortgage market and some from the government. There may remain, however, a gap to be closed if the volume of mortgage funds is not to become a constraint on national housing objectives.

He also states:

> A housing program at least as productive as this year is needed and expected in 1969. The all-absorbing concern continues to be mortgage money.

In 1969, $4 billion will be required for housing. According to past performance the required mortgage money will be obtained 42 per cent from lending institutions, 40 per cent from down payments and private financing and 18 per cent from the government. An easy calculation indicates that 18 per cent of $4 billion amounts to $720 million. I thought the minister would say that, in view of the advice received from the President of C.M.H.C. that there may be a gap in the volume of mortgage moneys, the government would commit $720 million for housing in 1969. With that $720 million the government could ensure that moneys would be used for public housing, co-operative housing, student housing and the many forms of housing for which they are responsible.

I was disappointed the minister did not state the government would make a commitment of this $720 million. There has been a decline in the equity participation by insurance companies in mortgage investment in the last year. The minister stated he will attempt to persuade the financial institutions to fulfil their role. This statement does not give us much hope. Surely, it is necessary to have legislation to meet this urgent problem.

The high cost of housing is also caused by the high interest rates. They are the most unconscionable rates Canadians could be asked to pay. The situation has become usury. There is a necessity to lower the interest rates. The President of the Huron and Erie Trust Company stated that what trust and insurance companies really want with regard to a mortgage is a profit of between 1½ and 2 per cent. This fact makes us realize how necessary it is to lower the interest rate on mortgages. The minister should give serious thought to consulting the banks in an effort to have them lower the interest rates being paid on bank deposits. The banks argue they have to pay high interest rates when they make loans and if they are to make a profit of between 1½ and 2 per cent they must charge rates of 8, 9 and 10 per cent.

I do not believe there is a shortage of mortgage money in Canada. The shortage only arises when the lending institutions divert their moneys into other ventures. We do not have to depend on foreign investment to finance housing in Canada. Most of the money used for housing is Canadian money from bank deposits and insurance premiums. I do not want to hear any government member say that interest rates with regard to housing are dictated by foreign investment. This is not so.

• (5:00 p.m.)

I wish to present to the minister an approach with regard to interest rates. I think it would be fair to say that most people in my constituency, as well as in the constituencies of other hon. members, earn between $4,000 and $6,500. The most a married man with two children in this wage group could afford to pay for accommodation is $100 a month. Of this $100, there should be $75 which goes toward the payment of principal and interest and the balance for repairs, insurance, etc. The highest mortgage this person could obtain would be $8,600 with 7 per cent interest for 20 years without exceeding this figure of $75. If the term of that mortgage is increased to 40 years at 4 per cent, a loan of $8,600 could be increased to $16,000. What I am recommending to the minister is that he immediately institute 4 per cent loans for persons with incomes between $4,000 and $6,500, and beyond $6,500 interest rates should be graduated to 6 per cent and 7 per cent at the top. That is where interest rates should stop. It would give an opportunity to people in the lower income groups to buy homes.

In the past I have recommended a subsidy of 50 per cent of interest rates over 6 per cent, which would cost the government in the neighbourhood of $30 million or $40 million a year until interest rates come down. I would ask the minister to have the officials of C.M.H.C. determine the cost of 4 per cent mortgages for those in the lower income groups earning between $4,000 and $6,500, and that this information be given to the standing committee which will study this bill in detail.

There is a third way to lower interest rates, and that is the floating of bonds by federal, provincial and municipal governments for

housing purposes, with a provision allowing the interest as an exemption from income tax. These are three methods to meet the problem of the high cost of housing caused by high interest rates.

The third component of the high cost of housing is high land costs. These have been excessive in most major cities across the country. When I read the recommendation of the task force that we should set up land banks I could not help but think of the Malvern project just outside Toronto, where the federal and provincial governments participated in purchasing a large tract of land in 1953. However, in 1969 there is still not one home built on that property. That does not mean we should not direct our attention to developing the land bank idea. I hope the minister can persuade the provinces and municipalities to take advantage of the amendments he is suggesting so that they will buy large tracts of land and thus bring down the cost of building lots.

I also recommend that the minister immediately incorporate the capital gains tax suggested by the Carter report. I recommend that a higher assessment be placed on inner core city vacant land and on vacant land on the peripheries of cities held by developers who are waiting for urban development to spread out from the cities.

I would now like to say a few words about public housing. One of the greatest disservices that the former minister of transport in charge of housing—

The Acting Speaker (Mr. Badanai): Order. I regret to interrupt the hon. member but his time has expired.

Some hon. Members: Let him carry on.

Mr. Gilbert: I would like to thank members of the house for their courtesy. I have only about five more minutes and I will try to make the rest of my speech as brief as possible. I was just saying that one of the greatest disservices done by the former minister was to put a freeze on public housing, and his attempt to downgrade public housing. As a result of criticism by the press, social workers, and concerned organizations, the government has realized its mistake and is now attempting to provide a better deal in the public housing area.

I have said on many occasions that our public housing effort is a disgraceful one. We have only 40,000 public housing homes. That represents less than 1 per cent of our total housing stock. The report of the task force on housing attempted to use public housing as a whipping boy, and attempted to downgrade it. But men like Professor Rose of the University of Toronto suggested to members of the task force that they should remember the type of slum housing that public housing replaced.

Public housing may have had a certain stigma attached to it, but nevertheless public housing has served the needs of many Canadians who, without it, would be living in much worse accommodation. When I think of a country like England with 30 per cent of its housing stock represented by public housing, and of a country like Sweden with an almost similar record, it makes me realize what a disgraceful record we have in this area. One of the reasons that people downgrade public housing is that it lacks supporting services such as recreational facilities and day care nurseries. I hope the minister will see to it that new public housing projects have these services.

I am sure I have the consent of all hon. members when I say that housing is a basic human right of all Canadians, and that all Canadians are entitled to housing at a reasonable cost. When I think of what we have done in housing and compare it with what we have done in education, it makes me realize that if we conducted our educational institutions in the same way as we conduct our housing projects very few Canadian children would see the inside of a school. Surely, we have a responsibility to all Canadians to see that they get decent, clean, proper, adequate housing as a basic human right, in the same way as they get educational services.

I would hope that the minister would give leadership in easing housing needs, and that he will give an assurance that the government will spend the $720 million which is required in order to have a steady flow of mortgage moneys. I hope he will tackle the question of interest rates. I hope he will seriously consider setting up a building corporation to build homes for senior citizens, and place public housing projects under its jurisdiction. Other building corporations in Canada need a crown corporation to give them leadership and direction in this important field. I hope the minister will continue to assist research into housing, so that we can develop a type of house which meets all the social and environmental needs of Canadians.

I have found that most Canadians are very patient with the government and its inadequate performance. But I would say to the

minister that if he does not produce a performance which meets the approval of most Canadians by the end of this year, he should then take a course similar to that taken by the former minister and resign, thereby underlining the need for leadership and for a decent housing program.

[*Translation*]

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, this bill entitled: An act to amend the National Housing Act, 1954 provides us with the opportunity not only to scrutinize the policy of the government with regard to housing and its suggestions to improve the housing conditions of the Canadian people but also to find out how this government intends to build a just society in Canada.

I think that only one word can properly describe Bill C-192 on housing and this word is disappointment. It is disappointing first for tenants paying rather high rents and who had hoped that with this new bill they could some day own their own home at a reasonable price, consistent with the promise made to them.

It is disappointing also for our young people who wish to get married and who some day would like to become home owners, because they thought that the housing reform would be favorable to them.

It is also disappointing for our businessmen, our contractors who know the needs of the people, who are aware of the great demand for homes and of the housing requirements of the Canadian people and who cannot meet these requirements. They have the expertise, the manpower and the materials available, and our country can supply even more. They know the needs of the people who wish to become home owners and who counted on the amendments to the housing legislation now under consideration so as to know what to do in order to satisfy the needs of a large sector of our Canadian people.

This is a disappointing bill on account of the interest rate, not only because the government does not put any ceiling on it but also because it has removed the one that existed and was already too high.

Moreover, this bill does not provide in any way for corrective measures against the increasing cost of housing. We had, a few years ago, the 11 per cent tax on building materials and on top of that we paid an 8 per cent provincial sales tax. As for prices, an average tax of about 45 per cent is due to the price of various Canadian products. And to all those taxes is added the financing, so that when our houses are paid for in 40 years from now, we will have paid for about five houses instead of one, and I have here, Mr. Speaker, figures to prove it.

• (5:10 p.m.)

This bill is a disappointment for the people, for the electors who had put their faith in the man who promised them a just society. It is especially disappointing for the taxpayers who have to pay the so-called social development tax and who cannot profit by this promised social development because the laws lead to social recession rather than to social progress. In other words, it is the most underprivileged who are especially affected by this so-called 2 per cent social development tax and it is precisely they who will not profit by the benefits which could be brought about by this so-called social development tax.

So that one should be tempted to call me to order in the course of my remarks on this bill to amend the Housing Act, when I speak of the just society, of the land promised by the Liberals, of the personal income tax, of the so-called social development tax, I want to sum up, for this house, the substance of my argument.

I shall demonstrate that the taxpayers whose income is under $4,000 will supply funds for mortgage loans under the Housing Act and that those same taxpayers will not benefit from the amendments to that act.

I shall also demonstrate, with the help of statistics, that the small taxpayers will also contribute to the consolidated fund through the so-called social development tax, but that they will be unable to benefit from the amendments to the act.

In addition, I shall demonstrate that the average taxpayers, that is those whose income ranges between $4,000 and $5,000, who pay a considerable amount of personal income tax and who will pour hundreds of millions of dollars into the consolidated fund through the social development tax, may be able to use the amendments stipulated in Bill C-192, but that by so doing, that is by using the capital loaned for a longer period at an undetermined interest rate, they will only be led to bankruptcy. So that, in their case, the just society that was promised will, in reality, be a step backward economically and socially.

Finally, in conclusion, only the "haves", the rich, those whose income exceeds $7,000,

$10,000, $15,000 and $25,000 will be in a position to benefit from the legislative measures proposed by the Prime Minister (Mr. Trudeau) and the minister now in charge of housing (Mr. Andras) which, to our mind, constitutes a very odd concept of a just society.

To summarize, Bill C-192 is unfair, like all the main measures of which the government and the Prime Minister seem to be so proud, that is the so-called social development tax and the legislation condoning homosexuality and abortion.

First, a few words about this just society which was mentioned about ten times in the Speech from the Throne and to which the Prime Minister devoted a good number of speeches during his election campaign and in the course of his interventions in the house.

The government has been in office for months and one still wonders what is the meaning of this just society which was promised by the Prime Minister. Was it an illusion meant to insure votes for the Liberal party?

For instance, does this just society, according to the Prime Minister, only mean that two consenting adults can enjoy freedom of action between the four walls of a bedroom where the government should not put its nose? Does this just society tolerate also that those who live in this bedroom be reduced to unemployment, misery and slums?

It is true the Prime Minister who sponsored Bill C-192 has omitted to include this measure in the priority bills announced in the Speech from the Throne, in order to establish a just society.

Therefore, it is not surprising to find that the Prime Minister introduced this bill that will lead to a just society, because he understands and recognizes that the bill is very unjust for the Canadian nation.

In bill C-192 amending the National Housing Act, 1954, there is no sign at all of the just society the Prime Minister talked about during the election campaign.

What does Bill C-192 propose? First, it increases from $11 billion to $15 billion the aggregate amount of all loans that may be insured under the National Housing Act.

Second, it extends from 35 to 40 years the maximum term of the loans.

Third, it allows for the escalation of mortgage interests on market rates.

Where do these billions of dollars advanced to the Central Mortgage and Housing Corporation for loans to be made under the National Housing Act come from? The answer is simple. These $15 billion provided for insured loans, as the $6.1 billion in loans that the Central Mortgage and Housing Corporation can provide directly, as well as the $600 million granted as loans for home improvement, and the $650 million to reduce the insurance fees, they all come from the Consolidated Revenue Fund.

Who replenishes this Fund? Certainly not the chartered banks or the Bank of Canada. It is all the taxpayers, the individuals and the businesses, the workers, the businessmen, the industrials, who are taxed by the government of Canada.

On that point, Mr. Speaker, with your leave and that of the house, I would like to put on record the following table, taken from a document on fiscal statistics, published in 1968 by the Department of National Revenue, and which gives statistics on the taxable reports, according to the civil status, the dependents and the income for 1966.

Mr. Speaker, this table shows how much the taxpayers with a married status paid in 1966, and those people needed a place to live, as they had one, two, three or four dependents.

This table shows also how much the taxpayers subject to the so-called social development tax would have paid if it had been levied in 1966. Obviously, if we had the statistics for 1968 or 1967, the figures would be higher for both personal income tax and the social development tax, but they are not available.

But, Mr. Speaker, if we must admit that the Consolidated Revenue Fund is made up of revenue coming from the income tax and the so-called social development tax, we must conclude that the taxpayers who pay any kind of taxes, as well as those who are subjected to the so-called social development tax, replenish the Consolidated Revenue Fund, from which the Central Mortgage and Housing Corporation draws funds, when it runs short, under the National Housing Act.

In that connection, Mr. Speaker, there cannot be any doubt. On November 4 last according to *Hansard*, at page 2360, the Prime Minister stated in answer to a question by the Leader of the Opposition (Mr. Stanfield) and I quote:

> It is a general tax for social development purposes, and has been imposed to meet the escalation of costs in many areas of expenditure.

National Housing Act

According to the Prime Minister's (Mr. Trudeau) report, there is no doubt that the 2 per cent social development tax replenishes the consolidated revenue fund from which the C.M.H.C. draws its funds.

What are the lessons to be learned, then, from the table which has just been put on record with regard to the personal income, under the so-called social development tax, according to the latest figures available?

I would like to know whether the house agrees to the table being put on record?

• (5:20 p.m.)

[*English*]

The Acting Speaker (Mr. Badanai): Order, please. I suggest it would be better if this was done at the end of your speech.

[*Translation*]

Mr. Rondeau: Thank you, Mr. Speaker.

What do we learn from the table? That 508,366 families with 1, 2, 3, 4 or 5 dependents, earning less than $4,000, with a taxable income of $389,833,000, have paid in personal income tax a total of $49,863,000.

If those families had been contributing in 1966 to the so-called social development tax, they would then have paid $7,796,000 into the Consolidated Revenue Fund.

Yet, although they have paid some $57 million into the Fund in 1966 (and these figures would certainly be higher according to the 1968 statistics), they will not be able to get a single cent for better accommodations under the amendments proposed in Bill C-192.

With regard now to families with an income ranging between $4,000 and $7,000, we realize that there are 1,294,374 of them. We also find that in 1966 they paid into the consolidated revenue fund a total amount of $479,250,000 as personal income tax and that they would have paid, under the so-called social development tax, an amount of $64,-859,000, if such a tax had existed. Let us keep in mind once again that the figures would certainly be higher, if statistics for 1967-68 were available.

Now, what benefits will those wage-earners and taxpayers draw from the new provisions of Bill C-192?

They might obtain insured loans up to $25,-000, according to the new regulations enacted by the governor in council on April 25, 1969, which increase the ceiling of loans from $18,-000 to $25,000, for an increase of $7,000.

[Mr. Rondeau.]

However, will those taxpayers in the $4,000 to $7,000 income bracket be able to take advantage of those new amendments?

To answer this question, one must make calculations and find out what would be the monthly or annual payment on a loan obtained under the new provisions of the act.

On that matter, Mr. Speaker, with your permission and the consent of the house, I would like to put on record the table contained in Publication No. 34 of the Financial Publishing Co. and entitled "Monthly Mortgage Payments".

With the table, it is possible to find out at a glance what will be the monthly payment on a $1000 loan at rates of 5, 7, 9, 9½ and 10 per cent, over 20, 25, 30, 35 and 40 years.

To get the monthly or annual repayment on a $25,000 mortgage, for instance, all we have to do is multiply by 25 the figures given in the table for a $1,000 loan.

With your permission, at the end of my speech I shall table the chart and the previous one so they will appear in *Hansard*.

Here are a few examples of figures one can find in the table. Let us first examine the case where the repayment period is extended from 35 to 40 years.

Let us take, for instance, the case of the extension from 35 to 40 years of the repayment period. On a $20,000 loan bearing interest at 10 per cent and refundable over a period of 35 years, the borrower will have to pay back $168.80 per month for 420 months, or $2,025.60 per year, for a total of $70,896.

If we figure it out the same way for a similar $20,000 loan at 10 per cent, but refundable over 40 years or 480 months, we come up with the following figures: monthly installments of $166.60, for an annual repayment of $1,999.20 and a grand total of $79,968.

What is the difference on a $20,000 loan at 10 per cent and refundable over a 35-or 40-year period? Only $1.60 less for the borrower to pay each month.

The borrower will have to reimburse only $26.40 per year over a 40-year period instead of 35 years. But in all, the difference after 40 years will amount to $9,072.

The poor fellow—and that is the name he deserves—who will have borrowed $20,000 at 10 per cent for a 40-year instead of a 35-year period will have his monthly instalments decreased by only about $2, and the total of his annual payments will be only $26 less.

But because his loan will spread over 40 years instead of 35, he will have to pay $9,000

more because he will have to make a monthly payment of $166.60 for 60 extra months.

A gift of over $9,000 to big finance, the only one to get something out of the provisions of this bill. Not the contractors, not the tenants, not the owners, but big finance.

That is a gift of more than $9,000 to the lenders because the borrower will have been granted the privilege of paying back his loan over a period of 480 months or 40 years instead of 420 months or 35 years.

That is the just society of the Liberals! That is the just society of the Prime Minister: the enslavement of Canadians by money-lenders!

I could repeat the argument with regard to loans of $15,000 or $25,000. The results would be just as bad and just as disappointing as the bill now under study.

For example, for a loan of $15,000 at 9 per cent, the comparative figures would be the following: for a 35-year mortgage, the monthly repayment would amount to $115.82, for a 40-year one, it would be $113.85, which gives a saving of $1.97 per month.

The yearly saving will only be $23.40, if the reimbursement of $15,000, at a rate of interest of 9 per cent, is spread over 40 years instead of 35.

However, under the terms of the mortgage, and this is what is important—the borrower, if he reimburses his debt over a 40-year period instead of 35, will have paid $6,012 more to big finance. This is a handsome gift to big finance, to money lenders and to banks, which are creating credit money out of nothing.

Once again, this is the just society of the Liberal government and of the Prime Minister, who sponsored such a bill.

But in addition to this tribute the future borrower will have to pay to big finance, the figures shown on this table, which are simply fantastic.

The house-owner who borrows $25,000 at 10 per cent and who repays it over 40 years will have to pay, in the way of interest, to the finance corporation, the fantastic amount of $74,960 for a $25,000 loan. This sum would enable him to build three other houses of $25,000 each.

The house-owner who borrows $20,000 at 9 per cent repayable over 25 years' time, will have paid, for the interest only, a sum of $44,840 before he is able to refund his $20,000 loan, which adds up to a total sum of $64,840.

Thus, the amendments proposed by the government cannot help those who want to build a house and are unable to solve the serious problems of housing.

There is no point in adding any further comment. The only ones to profit by this law will be the rich, the "haves", those who make a high salary and the investors who will find more rewarding to invest their savings and their capital in high dividend enterprises rather than in the ordinary shares of companies which bring less return than the mortgages. They will then take advantage of the provisions of the National Housing Act to build themselves a house because they will find it more profitable.

All in all, Mr. Speaker, it will be the rich, the "haves" who will profit by the billions made available to the Central Mortgage Housing Corporation under the National Housing Act and who will consent direct, insured loans through the resources provided by the Consolidated Revenue Fund of Canada.

However, it is not only the "haves" and the rich which provide for this Fund through taxation, but also the people who make an average salary, ranging from $4,000 to $7,000 per year and those whose income is under $4,000 per year. This just society promised by the Liberal government will only exist for the rich and will remain most unjust and anti-social with regard to the most disadvantaged of our Canadian citizens.

Mr. Speaker, as the previous speaker just said, this bill is a slap in the face of the Canadian people, for we had expected a different legislation from the one now before us. Canadians will be greatly disappointed, and rightly so, with this bill that will only worsen the housing problem in Canada. It is a critical problem which would require logical solutions so as to enable the poor in this country to live more decently and to have at last a house of their own. But, at present, as some of us pointed out, a person of 30 who buys a house will have paid in interest, at the age of 70, for at least three other houses. The Liberal government tried to sell that kind of just society to the Canadian people during the last election campaign. Those who will have only to write a cheque, when the mortgage is granted, will have to wait 40 years for their capital to yield a 10 per cent interest. This legislation will only contribute to encourage big finance and make the poor poorer, make fewer big ones grow bigger and more small ones smaller.

• (5:30 p.m.)

[*English*]

Mr. Deputy Speaker: Order, please. During the course of the hon. member's remarks he made a request of the house that certain tables be filed as part of his speech. I should like to point out to him and to the house that this is quite contrary to the normal practice in this house, but I am prepared to put the question to the house. If the house gives unanimous consent, then these tables can be filed as part of the hon. member's speech.

[*Translation*]

Mr. Rondeau: Mr. Speaker, I apologize but I would like to point out that your colleague has already agreed to put on the official record those two tables, as part of my speech.

[*English*]

Mr. Deputy Speaker: Order, please. As I understood the remarks of my predecessor, this question was be put to the house at the conclusion of the hon. member's remarks. If I misunderstood that statement, then of course the tables will be filed. But even so, I think it is probably consistent with good parliamentary practice to put the question to the house because, as I pointed out to the hon. member, this is quite contrary to normal practice. I leave it to the house. Is there unanimous consent that these documents be filed as part of the speech?

Some hon. Members: Agreed.

Mr. Deputy Speaker: It is so ordered.

[*Editors Note: The Tables Referred to follow.*]

ON A $1,000 LOAN.

YEARS (Mos)	5%			7%			9%			9½%			10%		
	Month	Month	Total	Month	Year	Total	Month	Year	Total	Month	Year	Total	mois	Year	Total
20 (240)	6.57	78.84	1,576.80	7.69	92.28	1,845.60	8.89	106.68	2,133.60	9.20	110.40	2,208.00	9.52	114.24	2,284.80
25 (300)	5.82	69.84	1,746.00	7.00	84.00	2,100.00	8.28	99.36	2,484.00	8.61	103.32	2,583.00	8.94	107.28	2,682.00
30 (360)	5.34	64.08	1,922.40	6.59	79.08	2,372.40	7.93	95.16	2,854.80	8.28	99.36	2,980.80	8.63	103.56	3,106.80
35 (420)	5.01	60.12	2,104.20	6.32	75.84	2,654.00	7.72	92.64	3,242.40	8.08	96.96	3,393.60	8.44	101.28	3,544.80
40 (480)	4.79	57.48	2,299.20	6.14	73.68	2,947.20	7.59	91.08	3,643.20	7.96	95.52	3,820.80	8.33	99.96	3,998.40

NOTE: To determine the cost of a $25,000 loan at 10% interest over a 40 year period, for instance, refer to the above table and the following example:

EXAMPLE: per month: 25 x 8.33 = $ 208.25

per year: 25 x 99.96 = $ 2,499.00

total: 25 x 3,998.40 = $99,960.00

For any amount of loan, follow the same operation with the figures in the table above.

SOURCE: Monthly *Amortized Mortgage Payments,*
Publicatoin No. 324,
Computed by FINANCIAL PUBLISHING COMPANY.

TAXABLE INCOME ACCORDING TO MARITAL STATUS, DEPENDENTS AND INCOME FOR 1966

CATEGORY	DEPENDENT	NUMBER	TAXABLE INCOME (in $000)	TOTAL TAX (in $000)	2% SOCIAL DEVELOPMENT TAX (in $000)
$0. @ $4,000.	0	256,490	229,799	29,600	4,596
	1	107,206	84,315	10,681	1,686
	2	78,682	49,211	6,179	984
	3	41,882	19,405	2,380	388
	4	17,321	5,887	846	118
	5	6,785	1,216	177	24
TOTAL:		508,366	389,833	49,863	7,796
$4,000. @ $7,000.	0	323,560	958,476	144,822	19,170
	1	260,169	715,335	106,009	14,307
	2	288,545	745,974	110,836	14,919
	3	199,560	454,516	66,524	9,090
	4	115,426	221,470	31,306	4,429
	5	107,114	147,193	19,753	2,944
TOTAL:		1,294,374	3,242,964	479,250	64,859
GRAND TOTAL:		1,802,740	3,632,797	529,113	72,655

Mr. Steven Otto (York East): Mr. Speaker, some gentlemen opposite, you yourself, and probably some hon. members on this side will be quite surprised to see me rise as the first speaker from this side, especially since the minister knows what I am going to say.

Mr. Knowles (Winnipeg North Centre): Do you?

Mr. Otto: I know what I am going to say. First, I want to congratulate the minister on his appointment as minister in charge of the Crown corporation, and to thank him for his consideration in allowing me to take part in this debate. Under the new rules this can be done, but previously it would not have been as easy for me to rise as the first speaker from this side.

• (5:40 p.m.)

The remarks I have to make are in no way intended as criticism of the minister. Of course, he has no department, he has no staff; he merely answers for a Crown corporation, the Central Mortgage and Housing Corporation. My remarks are directed to that corporation. I shall try to prove to him that all the good intentions expressed in his speech, as well as the intentions of the bill before us, will come to nothing if his tools are insufficient. I shall submit, and try to prove, that with the Central Mortgage and Housing Corporation he will have a hard time getting anywhere.

Before I proceed, there is this question of whether the housing situation represents a crisis or a problem. I should like to give the house the benefit of my experience in this field. I have been actively engaged in housing construction for over 20 years. Whether this is a problem, a serious problem or a crisis does not mean very much. Calling it one or the other will not solve it. But I should like to identify it. Not only is there a shortage of houses in the metropolitan areas, but that shortage is aggravated by the fact that over the past 50 years the construction industry has built houses to last 30 years. There is therefore a continuing series of homes which can no longer be used.

There is a further difficulty. Seventy-five per cent of our people live in cities. In Toronto, to get decent accommodation—not fancy accommodation, just decent accommodation—the cost is 50 per cent of the take-home pay. Most Canadians will tolerate 25 per cent, but whether they pay rent or whether they own their own homes, 50 per cent is too much. For example, in Toronto one can rent what are called town houses—row houses with two or three bedrooms, a living room and so on, quite nice. Do hon. members know that a family has to earn between $9,000 and $10,000 a year to bring in $600 a month and that 50 per cent of this would go for rent? Actually, in this case the rent amounts to $283 a month, plus heating. This is really a crisis, because it affects a particular spectrum of people who have to rent or pay for accommodation. The man directly concerned has probably been working for a long time; he believes he is entitled to some good food, good clothing and so on. But now he finds he is living less well than he did ten years ago. And he is boiling. This is a serious problem.

It is senseless merely to say we have the best accommodation in the whole world. It is like saying the average depth of the Ottawa River is three feet, with the inference that one can walk across it. It is senseless. These are particular problems. They affect the people in the cities and they will eventually affect those in Montreal and other areas who at the present time are not suffering so much.

I wish to draw attention to one other aspect. There are many who do not understand the cause of these difficulties. A friend of mine remarked to me recently: I cannot understand this problem because I can buy a prefab house and put it on my land in the country somewhere at a cost of some $5,000. It would be a modest house, with two little bedrooms, a bathroom, a living room and so on, but it would serve. Of course, if people want automatic dishwashers, dryers and so on, they will have to pay for them; that is why their houses cost $35,000. If you tell people that they are entitled to yachts, they will want yachts; it is like saying to them "If there is no bread, eat cake".

But this man did not get to the root of the problem. The root of the problem is the cost of land. It is true one can buy a prefabricated house for $5,000 or $6,000, because the construction industry has kept up to date very well with regard to cost. But it is not true you can put such a house anywhere near a metropolitan area. When the price of land is running between $10,000 and $12,000 on the outskirts of a city and between $23,000 and $30,000 in Toronto itself, you cannot put a $6,000 house on it. The construction industry has kept up to date. In 1955 we were building homes for roughly $8.70 a square foot. Now, the cost is between $12 and $13. But when one considers the inflation which has taken

place in the past 14 years and the type of house we are providing now, the cost is well in line. I think the construction industry has been extremely able. It has introduced mass production of stairways, kitchen units, windows, doors. It has even eliminated the hammering of nails by carpenters—that is all done automatically. The industry has tried to push ahead despite municipal restrictions, provincial restrictions and, in some cases, labour restrictions, and it has done a marvelous job in keeping costs down.

Nevertheless, it cannot provide a house at a low price when the cost of land is double the cost of construction. This is where the C.M.H.C. has failed. In the past month or so I have heard many comments on the housing situation. The word "housing" arouses a reflex action, it seems, in a lot of people in Canada. The word we hear is the word "constitution". I cannot understand for the life of me how we got into the constitutional question with regard to housing.

Some hon. Members: Hear, hear.

Mr. Otto: One might think we were the only people who were keen to press on with housing. Mr. Speaker, I believe provincial and municipal politicians are as concerned as we are about this subject, if not more so. If on any issue we could hope to gain co-operation from the municipalities and the provinces without getting into a constitutional hassle, this would be the issue.

I looked at the National Housing Act, part five, for instance; having to do with housing research and community planning. I found that the Central Mortgage and Housing Corporation is allowed to do absolutely everything—everything they have done, and everything they may want to do. According to section 33 the corporation may, out of moneys advanced to it, bring about land or housing production by way of purchase, loans or otherwise, install or service any improvements to or in respect of any land required by it, and develop such land for housing purposes. Moreover, the corporation has power to manufacture windows, doors under this act. It has power to process lumber. Every conceivable power is there already, and how in the world we ever got into a constitutional hassle over this is a mystery to me. Had the Central Mortgage and Housing Corporation been on its toes, had it been of any use whatsoever, we would never have been in this position.

[Mr. Otto.]

Let us examine the position of C.M.H.C. as mortgage guarantors. The hon. member for Broadview (Mr. Gilbert) read a report by the president of the corporation in which he and his directors deplored the lack of money available. The hon. member for Broadview said the minister should act like King Canute holding back the tide. He thought he should legislate restrictively. But, Mr. Speaker, money knows no boundaries. It flows from nation to nation, taking the easiest course. Why does this happen?

In an article which appeared in the *Globe and Mail* on December 3 the president of the Life Insurance Association is reported as saying:

> Canada needs a new type of financial institution similar to British building societies or U.S. mortgage loan associations to channel funds into mortgages.

He also said the insurance companies would be putting less and less money into mortgages, and that we could expect this to be the case. He expressed the view that it would be senseless for a mortgage company, a loan company or an insurance company to lend money at 7 per cent or even 9 per cent when the loss brought about by inflation alone was between 4 per cent and 5 per cent. Now, Mr. Speaker, until we try to control the inflationary cycle, this situation will be extremely hard to deal with. We have to keep the rise in wages and prices in line with the increase in the gross national product and until we do so, we shall not get very far. We shall not succeed in forcing anyone to do what we think they should do. The money will not be there.

• (5:50 p.m.)

If the government were to say that it is not possible to have a wage and price increase of 9 per cent if the gross national product increases only 3 per cent—because this would mean 6 per cent inflation no matter which way you slice it—then we might get some co-operation wtih regard to investment. But you cannot force investment on the part of life insurance companies, or anybody else for that matter. They are buying equities because they are a hedge against inflation. They are competing with other life insurance companies in the United States who are selling insurance which offers real values. When they sell you a policy for $25,000 or $30,000 which matures in 35 or 50 years, you will receive a real value, not the current inflated dollar value. These companies have to meet and keep up with tough competition; as a result funds for mortgage purposes dry up.

Other sources of mortgage funds have been suggested. For example the building and loan societies that are common in Europe could be applicable here. It would need a little initiative on the part of Central Mortgage and Housing instead of their just decrying the lack of money. Loan and building societies encourage people to invest money and then buy a home. It is a co-operative arrangement and could apply to the trust and loan companies in Canada.

Mr. McCleave: Could I put a question to the hon. member on this point about building societies. Is he not aware that the only one that existed in Canada, the Nova Scotia Savings and Loan Company, as it is presently known, altered its charter because it was found that the building society operation did not work in Canada?

Mr. Otto: I have heard it said that nothing will work. The first answer you are given when you put forward an idea is that it just will not work. I say that other systems must be found.

Mr. Knowles (Winnipeg North Centre): That is what Adam said to Eve.

Mr. Otto: They must be found and they can be found. As long as we keep believing that we are going to get $4 billion or $5 billion a year from life insurace companies we will not look at alternative sources.

An hon. Member: How much?

Mr. Otto: I said $4 billion or $5 billion a year. We will not investigate other methods if we believe we can get the money from this source.

Central Mortgage and Housing Corporation has also been decrying the fact that private investors are not investing their money in areas outside large cities, that these rural areas have trouble getting insured loans. Has anyone ever asked why companies prefer to invest in the large metropolitan centres? The minister indicated to me privately that he knows why, but I am sure that C.M.H.C. does not know why—because they have never asked.

As the minister has pointed out, life insurance companies and other companies have no way of administering loans in small towns; as a result they do not want to expand their operations there. However, C.M.H.C. is empowered to administer mortgages and collect money. This they can do at a small charge. Consequently, there would be no problem in making money available in smaller areas.

As for land assemblers, the less said the better. Let me consider for a moment the role of research, for which we are going to give the corporation more money. I should like the minister to ask C.M.H.C. exactly what results have been produced during the last ten years. What new methods of construction have been approved? What new ideas have they accepted? I think the last one they accepted, and this with hesitancy, was the use of aluminum siding. But what have they done with this research money? We spend $39 million a year to keep C.M.H.C. operating.

For example, a little while ago I approached them with an idea in connection with sewage disposal. Sewage disposal systems, municipally organized and provincially administered, are at the crux of land cost. In Ontario there is the concept that all the sewage up from as far as Kapuskasing must come down through trunk sewers into Ashbridges Bay; otherwise the system will not work. Central Mortgage and Housing swallowed this concept hook, line and sinker. I read an article on a method of sewage disposal used in seven states which is more efficient—in fact, it is a miniature disposal plant—and can be installed by builders. It is bonded and guaranteed for 99 years. It cuts the cost from the present $1,300 a housing unit to $170 per unit if builders are allowed to develop the system. The effluent from this system is not even exuded into streams but is used in lawn sprinklers, and so on. It is made by a firm in Port Credit, near Toronto, but not one has been approved by C.M.H.C. because it would take them 20 years research to find out whether it would work.

If the periphery around Toronto were not tied to the trunk sewer system land would be available from one side of the city to the other. In that case the speculators would have nothing to speculate with. If one person wanted too much for his land, somebody else would sell it cheaper. With this system a builder would put in his own services. Many developers and builders would be glad to do this. They would like to put in schools, roads, the whole kit and caboodle, instead of having to pay high prices to speculators. But Central Mortgage and Housing do not think of this. They say that it is, after all, a municipal problem. The municipalities would dearly love some leadership in this regard because they cannot afford the cost of research.

In the field of construction it is private industry that has made the changes and introduced the new ideas. Private industry has encountered much difficulty in getting these new concepts approved by Central Mortgage and Housing.

With regard to low rental housing, again I know the minister means well and wants more limited dividend housing loans. In this regard you must again work through C.M.H.C.

Mr. Deputy Speaker: Order, please.

BUSINESS OF THE HOUSE

Mr. Macdonald (Rosedale): Mr. Speaker, I thought it might be useful to confirm to the house that tomorrow we will have an opposition allotted day, and on Friday we will continue with the debate in progress. I believe the hon. member for Winnipeg North Centre (Mr. Knowles) might have some further information about the subject matter for the allotted day tomorrow.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, that is an invitation one can hardly resist. We have filed notice of a motion for tomorrow which will be moved by the hon. member for York South dealing with the subject of takeovers of Canadian resources, industry and financial institutions by foreign corporations.

Mr. Deputy Speaker: Order. It being six o'clock this house stands adjourned until tomorrow at 2 p.m.

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

HOUSE OF COMMONS

Thursday, May 29, 1969

The house met at 2 p.m.

ROUTINE PROCEEDINGS

JUSTICE AND LEGAL AFFAIRS

Fifth report of standing committee on Justice and Legal Affairs—Mr. Tolmie.

THE BUDGET

DESIGNATION OF OPPORTUNITY TO DEBATE WAYS AND MEANS ORDER, PURSUANT TO S.O. 60 (2)

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, pursuant to Standing Order 60 (2), I would request that an order of the day be designated for the consideration of a ways and means motion so that the Minister of Finance (Mr. Benson) may make his budget statement on Tuesday next.

OFFICIAL LANGUAGES

MOTION TO ESTABLISH PERSONNEL OF SPECIAL COMMITTEE

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, on behalf of my colleague the hon. member for Chambly (Mr. Pilon) may I present the report of the striking committee formed to strike the membership of the special committee on the official languages bill.

I should like to move:

That the special committee appointed on May 15, 1969, to consider Bill C-120, an act respecting the status of the official languages of Canada, be composed of the following members: Messrs. Allmand, Anderson, Cantin, Corbin, Fortin, Lewis, McQuaid, Ricard, Roberts, Stanbury, Sulatycky and Yewchuk.

Motion agreed to.

[*Translation*]

NATIONAL CAPITAL

STATEMENT ON DEVELOPMENT OF AREA, WITH EXTENDED REFERENCE TO HULL

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I wish to make a statement with regard to the National Capital Region. I believe it is of interest to all Canadians that in recent months the National Capital Commission has put before the government certain recommendations to guide the long-range development of Canada's Capital Region. While study is still in progress with regard to many aspects of this important work, the government has accepted certain measures within the long-range concept which I would like to announce at this time.

The area of consideration which has received the most urgent attention is development of central Hull. Improvement of this area, which is in the Quebec portion of the National Capital Region, about a mile from these parliament buildings, opens an important new phase in the progress of Canada's Capital Region. This is essential if our Capital Region is to grow as the focus of Canadian identity and a symbol of which all Canadians can be proud.

The government will accelerate achievement of this goal by developing Hull into a major government employment centre. Apart from the construction of several buildings, which are already programmed as established needs, the government undertakes to provide assistance in the construction of infrastructural works as an essential prerequisite to large-scale development that can be expected over the next 25 years.

• (2:10 p.m.)

This federal assistance is part of a wider development program under which action will be taken to eliminate air and water pollution throughout the whole Capital Region.

[*English*]

All of this will involve the federal government co-operating with other levels of government in renewing sewer, water and transportation systems necessary to make the capital core an integrated metropolitan area on both sides of the Ottawa River.

Before I deal more specifically with the decisions taken, I wish to emphasize the underlying objectives. It is our firm belief that the capital of a country has an indispensable role to perform which sets it quite apart from other metropolitan areas. This is doubly true in a federal state such as Canada, where patriotism has the strongest of roots in diverse regions and cultures. The substance of Canadian identity is in its wide variety of

historic ties. A true devotion to Canada is difficult to conceive without the strong loyalties, which are everywhere apparent, to the various regions and cultures from which we spring. On the other hand, a true loyalty to our native culture or region is enhanced by the recognition that our diversity has been able to flourish under the protection of a great federation.

Canada occupies half of the world's most developed continent. This has been achieved because of a healthy diversity, not in spite of it. There is an underlying Canadian wisdom which has always prevailed in times of stress. This wisdom argues in favour of mutual understanding, accommodation and justice. It argues for a diversity which is not aggressive or divisive and for a unity that does not demand conformity. The basic understanding and respect which have made Canada possible must never, however, be taken for granted.

In a Canada where languages, cultures and geography breed deep loyalties, the common meeting ground, the capital region, must be a strong and true reflection of the country. It must be one of the major elements contributing to national pride. In it each Canadian must find his personal identity strengthened and his perspective broadened by tangible expressions of mutual respect and trust.

It was this recognition by the Canadian premiers at the Federal-Provincial Constitutional Conference in February, 1969, which led to unanimous adoption of the resolution, declaring that the core of the Canadian capital region should include Hull, Quebec, as well as Ottawa, Ontario.

While talks continue with the governments concerned with a view to the eventual establishment of a revised form of government for the capital region, more specific talks have taken place with the Province of Quebec with a view to co-operative efforts to overcome the glaring disparities which exist between the sister cities at the core of the capital region. We are pleased to see that, for its part, the Quebec government has recently announced plans for construction in Hull that will help bring relief to the city and to the economy of western Quebec. The federal government's program will add greatly to this progress while serving urgent and important federal accommodation needs.

The long-term development program for Hull is designed to produce a major federal presence in the Quebec portion of the capital region over the next 25 years. It is also expected to be the generator of considerable private investment which has generally avoided the area in the past because of the lack of basic services and adequate transportation.

The government proposes to direct about 25 per cent of its new accommodation construction to the core of Hull in the years ahead. This allocation of construction to the Quebec portion of the capital region does not affect buildings already programmed for location in Ottawa; for example, among others, the headquarters for the External Affairs and Transport Departments.

The first of the buildings to be located in a concentrated section of central Hull will be the headquarters of the following three departments: Manpower and Immigration, Fisheries and Forestry, and Consumer and Corporate Affairs. With further departments added as accommodation becomes necessary, this employment centre in the core of Hull is expected to provide 4.5 million square feet of accommodation for some 36,000 public service employees.

The initial requirement for making the development possible is land for the building sites.

[*Translation*]

At this very moment, the National Capital Commission is filing an expropriation document that will give the Crown title to 15 acres in an irregular area generally south of Victoria Street, west of Laurier and Notre-Dame Streets, north of the E. B. Eddy property and east of rue Principale.

The federal government also recognizes the need in the city of Hull for a sewage treatment plant, main trunk sewers and an adequate water distribution grid. It accepts the principle of collaboration with other levels of government to ensure the provision of these municipal services.

In the area of transportation, as in the field of municipal services, the success of the program will require parallel action in cooperation with the other levels of government. An improved system of transportation is required to eliminate the Ottawa river as a barrier between parts of an integrated capital core.

The concept of an expanded capital core is linked to broader regional development goals which foresee a doubling of the population of the capital by 1995. This will mean an increase averaging 9,000 families a year during the next 25 years.

This growth will not only be in numbers. The very nature of the urban environment

will be transformed. This poses a challenge and an opportunity to create a unique capital area. While I have already mentioned the symbolic impact that the capital region must have, it is important that it also be a thriving metropolitan area. Both of these functions transcend particular local and provincial definitions. Regional disparities have no place within a capital region whose preponderant economic support is the federal government presence. However, without early action to break the vicious circle of declining prospects for the Quebec portion of the capital region, these disparities may well result in serious social and economic problems.

This government is confident that the action it is initiating today will, with the support of all Canadians, create a capital in which all can find identification and response; one which will reflect the multi-national fact of Canadian life; one which is a strong, continuing and visible expression of the Canadian experience.

Some hon. Members: Hear, hear.

[*English*]

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I was wondering whether the government house leader was a little confused when he set this day aside, not for a motion sponsored by the New Democratic party but for a speech on this subject by the Minister of Regional Economic Expansion. I do not think the minister's announcement required this justification. We all approve of the idea that Hull be incorporated in the national capital region, but I hope the length of this announcement is not an indication of what may become a practice on the part of the government.

All Canadians will support the development of the national capital as a symbol of our great country. We all want to have a national capital which is in every way worthy of Canada and we will all approve the incorporation of the City of Hull in the national capital region.

I feel the minister oversimplified one problem when speaking about assisting the City of Hull with sewers and other services. I hope he will not make the mistake of believing this will eliminate all the pollution which this government is creating.

We are all proud of our country. I hope the ministers responsible will exercise good sense when planning in this connection, and that the government will make decisions regarding projects and not simply get involved in happenings. In other words I hope the government will not decide to erect a building at a cost of $9 million and wind up paying $45 million. I hope there will be the planning the minister spoke about.

After hearing so much from the other side of the house regarding the practising of economies, rigid controls, cut-backs and control over the number of government employees, I must say I find it surprising to hear of plans for new buildings. I just think it is a little surprising, Mr. Speaker, that we have so much talk about control of government operations and yet so little evidence of it. Let there be no question about it. We want a properly developed, properly planned national capital, of which we will be proud, and which incorporates Hull in this conception. But we want a national capital that is sensibly planned and thought through.

• (2:20 p.m.)

Finally, Mr. Speaker, may I express the hope that the government, in thinking in terms of a national capital and in planning its operations, will keep in mind also that this is a great federal country, will not overdo a tendency that is sometimes evident of going in for too much centralization, and will bear in mind what role it might be able to play in contributing to national unity by considering the minimum degree of centralization that is consistent with efficiency. I congratulate the minister on his announcement. We approve of the project and, as I say, we approve of the very terse announcement he has made here this afternoon.

Mr. Barry Mather (Surrey): Mr. Speaker, we welcome the announcement by the minister of the important steps which are planned to make the Hull area a central part of the national capital of our country. Since the national capital is paid for by Canadians in every part of Canada there is a great deal of interest in it across the country. It should be a national capital that truly reflects our federal system. I think what the minister has indicated with respect to the plans of the government for Hull is in direct line with the aspirations of many Canadians.

Aside from the cultural plans for the Hull area I was particularly interested to hear of the more down-to-earth ones concerning the pollution situation. If we take care of this problem we will be setting an example for the rest of Canada. I commend the government for what it has announced and again I

would urge, as our party has done for some time, that consideration be given to the establishment of a parliamentary committee to deal with matters affecting the national capital.

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, the cities of Ottawa and Hull have always been like day and night. One was prosperous, and the other, neglected; one was looked after, the other, forgotten. Several undertakings had been made, but no legislation had been passed.

Today, Mr. Speaker, the statement of the Minister of Regional Economic Expansion (Mr. Marchand) made us all happy, and he was kind enough to hand us a copy in good French. He proposes to reduce the economic disparities and, at the same time, make the federal capital the image of a bicultural and bilingual Canada, as we want to see it in the future.

Mr. Speaker, we are happy that the minister is seeking, through the means he set forth a moment ago, to remove the inequalities between Ottawa and Hull, in order that justice be done on both sides of the Ottawa river.

I believe that all the population will be grateful, economically speaking.

I have listened with interest to the minister's speech, and more than three or four pages of his statement were devoted to the way he sees the federal capital.

He also told us what he thinks of Canada, confederation, etc. but he never gave us hope that the federal capital would really, from a linguistic viewpoint, reflect Canada such as we want to see it, as it has often been repeated during the debate on the official languages bill.

Mr. Speaker, there is something which puzzles me. Recently, I put several questions on the order paper to secure from all departments information on bilingualism, on the linguistic ability of civil servants.

However, Mr. Speaker, more than 18 departments did not care to answer those questions and I confess that I am very disappointed by that attitude.

Therefore, I ask myself the following question: To put up buildings is an excellent thing, and we commend the minister for it, yet if those buildings contribute to anglicize further the people of Hull, it will be an indirect means of making of the federal capital an ivory tower for Anglo-Saxons. I would like to tell the minister that we are concerned about that, and we would like to get the assurance from him that the federal capital, of which he speaks so eloquently, will truly implement economic justice on both sides of the river, so as to abolish disparities. The national capital must actually reflect the wishes of the people of Quebec as well as those of Ontario, and represent Canada such as we want to see it.

Mr. Speaker, we have no guarantee, under the minister's plan, that as a result there will be respect for the French Fact in the federal capital region and that we will have a truly bilingual capital. We are happy, nevertheless, that something will be done in the economic field. However, in the linguistic and cultural fields, we can only remain perplexed and continue to hope and to wait.

[*English*]

ORAL QUESTION PERIOD

GRAIN

WHEAT—REQUEST FOR GOVERNMENT ACTION TO MEET LOWER PRAIRIE INCOME

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question which I feel ought to be directed to the Prime Minister arising out of the forecast in the budget papers that farm cash receipts from the sale of wheat will be lower again this year and in view of the statement of the Canadian Federation of Agriculture yesterday that the income position of the prairie grain farmer is clearly disastrous. Would the Prime Minister advise the house what the timetable of the government is with regard to a decision and an announcement of measures of assistance in this area.

Hon. H. A. Olson (Minister of Agriculture): Well, Mr. Speaker, this question has been asked in the house a number of times, as the Leader of the Opposition knows. He also knows we have been receiving representations regularly up to and including yesterday. I have nothing further to add to what I said yesterday.

Mr. Stanfield: I have a supplementary question, Mr. Speaker, either for the Prime Minister or the Minister of Agriculture. It is in respect of the so-called income maintenance program for grain producers promised by the Prime Minister during the election campaign. Will there be an announcement of

the details of this program before summer, if not when, and what is the target date with regard to the implementation of this program promised a year ago?

Mr. Olson: Mr. Speaker, as the hon. gentleman knows representations have been made to the government concerning a number of different programs. We have been discussing not only with the representatives of the producer groups but indeed with some of the provincial ministers of agriculture the details of administering several of these programs. There is something less than agreement on how they should be administered at this point in time.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I fully appreciate that matters cannot be disclosed in advance, but can the minister tell the house whether or not western farmers can look for something to be announced by the government next Tuesday night?

Mr. Speaker: Order, please.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a supplementary for the Minister of Agriculture. In light of the statement which appeared under a headline on the front page of the Edmonton *Journal* of Monday regarding the very serious conditions in agriculture in northern Alberta, including abnormally large foreclosure actions and repossessions of machinery, will the minister not consider recommending to the government that the federal government alone or in collaboration with the provincial government take steps to try to stop this particular type of action and see what can be done to help the people of the pioneer and homestead groups of this developing land receive some form of badly needed assistance.

Mr. Olson: Mr. Speaker, in replying specifically to the question, we announced some time ago, and indeed we are following this policy in respect of the Farm Credit Corporation, that if any farmer made application setting out reasons indicating that it was difficult or impossible for him to make payments on Farm Credit Corporation loans, this would be taken into account and that there could be deferment. In so far as the other part of the question is concerned, regarding action involving other financial institutions, I believe that the Minister of Consumer and Corporate Affairs in consultation or consort with some provincial minister has this under consideration at the present time.

Mr. Baldwin: God help the farmers.

Mr. Stanfield: Mr. Speaker, I take it from the answer the Minister of Agriculture gave that he does not approve of the program promised by the Prime Minister, and that in addition the provincial departments of agriculture with whom he has been consulting do not approve?

Mr. Olson: No, Mr. Speaker, the Leader of the Opposition cannot make that assumption.

WHEAT—INQUIRY AS TO INTRODUCTION OF TWO PRICE SYSTEM

Mr. J. H. Horner (Crowfoot): Mr. Speaker, my supplementary question is directed to the Minister of Industry, Trade and Commerce who speaks in this house for the Canadian Wheat Board. It arises from a statement made yesterday by the Canadian Wheat Board to the Agriculture Committee in which it was said that the two price system would not damage our marketing of wheat in international markets and, if it had the job of administration, the wheat board could quite easily do so. Can we expect an early statement from the minister to the effect that the two price system will be put into effect in respect of Canadian farmers?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, this will be part of the over-all review now taking place.

[*Later:*]

Mr. J. H. Horner (Crowfoot): Mr. Speaker, the Minister of Industry, Trade and Commerce said that the whole question of a two price system was under review. Can he indicate to the house and to the country when this review will be completed and when we can expect an announcement in this regard?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): I would answer the usual way; in due course.

Mr. Horner: In light of the budgetary papers which forecast a downward trend in cash receipts to farmers, and in view of the serious positions in which farmers find themselves today, can the minister give us some better idea as to when this review will end?

Mr. Speaker: Order, please.

Mr. Pepin: Some are in favour of a two price system and others are not.

Inquiries of the Ministry

INCREASED OIL SEED ACREAGE

Mr. George Muir (Lisgar): Mr. Speaker, in view of the fact there has been a tremendous increase in the planting of oil seed crops this year in order to reduce the large increase in wheat production, will the Minister of Agriculture consider using the machinery he now has in order to protect this important oil seed industry?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I am not quite sure what the hon. member means by "protect". I know of the decision to plant additional acreage in oil seed crops. If this in fact results in crops substantially in excess of market demands I can only say these are decisions made by the producers themselves.

Mr. Muir (Lisgar): I am disappointed that the minister does not know what I mean by "protect".

Mr. Speaker: Order, please. There should not be debate. The hon. member should ask his supplementary question, if he has one.

Mr. Muir (Lisgar): I will rephrase my question, Mr. Speaker. The minister is quite aware of the fact that oil seeds are coming into this country at a price under the cost of our production. The one way to protect them is by seeing that oil seeds cannot be brought into this country—

Mr. Speaker: Order, please.

WHEAT—QUOTA FOR WESTERN FARMERS—RAIL FACILITIES

Mr. S. J. Korchinski (Mackenzie): My supplementary question is to the Prime Minister, Mr. Speaker, and it arises from the statement of Mr. McNamara to the Agricultural Committee when he suggested that this year quotas will be equalized at five bushels. This quota is so low it is unprecedented even during the history of Liberal government. Has the Prime Minister any special move or action in mind which his government intends to take in order to maintain or live up to the promise he made during the election campaign that 1,300 million bushels of wheat would be sold in a three year period?

Mr. Speaker: Order, please. The question asked by the hon. member is argumentative.

Mr. Korchinski: May I rephrase my question, Mr. Speaker? I should like to ask the Prime Minister whether there is any possibility of obtaining more than a five bushel quota, in view of the fact that in many areas there has been a low grade of wheat resulting in a return of only $1 per bushel? Will there be special consideration given to these areas?

Mr. Les Benjamin (Regina-Lake Centre): I should like to direct my question to the Minister of Industry, Trade and Commerce. Can he advise the house whether these shipping points on four bushel or higher quotas are no longer to receive railway equipment for grain loading, and that those points on units of one and two bushel quotas are to receive greater attention in the over-all picture?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, we have said on a number of occasions that efforts are being made in respect of equalization to help those who are presently on very low quotas.

CANADA DEVELOPMENT CORPORATION

REQUEST FOR LEGISLATION

Mr. David Lewis (York South): Mr. Speaker, I should like to ask the right hon. Prime Minister whether, in view of some newspaper reports which appeared this morning, the government intends to bring forward a bill to establish the Canada Development Corporation during this session?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe the house leader will be talking with leaders of other parties in order to indicate that there are only seven government legislative days left. There is some considerable doubt as to whether we will be able to proceed with everything now in the works. Therefore I should not like to forecast the possibility of the introduction of new legislation until we settle these matters.

Mr. Lewis: Mr. Speaker, in view of the Prime Minister's answer may I ask him whether the Canada Development Corporation still has some priority in the government's mind and whether, if we do not have the bill presented this session, he will indicate when parliament may expect its introduction?

Mr. Trudeau: This does have priority in the government's mind, Mr. Speaker. I believe this question will be coming up during the debate this afternoon, and that members on the government side may have occasion to allude to it, if the opposition so decides.

HOUSE OF COMMONS

PROSPECTIVE DATE OF SUMMER RECESS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask the Prime Minister whether the answer he gave a moment ago means that it is the government's intention that the house will adjourn on June 27 even though certain important business may not have been concluded?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker, we will do all we can to adhere to that timetable. We realize, of course, that we cannot do the impossible, but this is still our intention. We still hope to adjourn at the end of June. We also hope the opposition parties will co-operate with us in pressing a lot of important legislation through the house by then, in spite of the time that was lost by opposition folly.

NATIONAL DEFENCE

NATO—REQUEST FOR REPORT ON DISCUSSIONS WITH ALLIES

Hon. J. A. MacLean (Malpeque): Mr. Speaker, in view of the fact the Minister of National Defence will by now have placed before the NATO ministers the proposals of the government as to the reduction of Canada's role in NATO, will the Prime Minister state to the house what the proposed reduction involves?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the minister indicated he would discuss this with the house when he returned on Monday. This is still the government's plan.

Mr. MacLean: Mr. Speaker, in view of the uncertainty that exists not only in the minds of the general public but among the members of the forces, will the Prime Minister give an indication as to whether or not it is true that the government intends to replace the air and mechanized brigades in Germany by a 4,000 man mobile force?

Mr. Speaker: Order, please. I suggest to the hon. member that it is not in order to ask simply whether a statement is true or inaccurate.

Mr. MacLean: Perhaps I might rephrase my question, Mr. Speaker. Let me ask the Prime Minister whether the reduction proposed will be as extreme as those speculated in the press?

Inquiries of the Ministry

Mr. Trudeau: Mr. Speaker, it is difficult to know what might seem extreme in the minds of opposition members. I remember that when we announced the planned phased reduction, we were told it did not mean anything at all. Hon. members opposite will soon see if this means anything.

NATO—POSSIBLE CANADIAN INELIGIBILITY TO PARTICIPATE IN NUCLEAR PLANNING

Mr. Ray Perrault (Burnaby-Seymour): A supplementary question, Mr. Speaker. Can the Prime Minister tell the house whether Canada's intended NATO plans will make this nation ineligible for membership in NATO's nuclear planning group?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, may I be permitted to answer this question? This allegation, made by others as well as the gentleman to whom the hon. member refers, is completely unfounded. NATO ministers in December, 1966, established two permanent nuclear planning and policymaking bodies. The first is called the nuclear defence affairs committee. It is a sub-committee of the defence planning committee. Membership is open to any interested country, whether it is nuclear or not. At present it has 12 members, Canada being one of them.

Mr. Speaker: Order, please. I had serious doubts about the question as asked by the hon. member. I took into account that I had ruled him out of order yesterday on a related question and allowed the new question today. But I have the impression that the minister is now making a statement of a nature that ought to be made on motions.

[*Translation*]

NATO—POSSIBILITY OF OTHER NATIONS REDUCING FORCES

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I wish to direct a supplementary question to the Prime Minister.

In view of the government policy to reduce the size of its military contribution to NATO, I would like to know whether there are any indications to the effect that other NATO allied member countries are going to follow suit?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am not aware of that. Upon his return, the Minister of National Defence will undoubtedly tell us whether other NATO

member countries think along the same lines as we do.

Mr. Asselin: Mr. Speaker, can the Prime Minister indicate whether the Minister of National Defence will, before introducing his plan to reduce our contribution to NATO, consult with each member country, in order to learn their opinion about Canada's decision?

Mr. Trudeau: Mr. Speaker, the purpose of the Brussels talks is precisely to get the ministers of the NATO member countries together to discuss that problem.

[*English*]

GOVERNMENT ADMINISTRATION

FUNCTION AND ORGANIZATION OF CABINET SECRETARIAT

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I had hoped to be able to question the Minister of Transport, but he is not here so I am going to ask the Prime Minister to elucidate on his reply of yesterday with regard to the changes in the secretariat of the Privy Council. I ask whether these new assistant secretaries who are dealing with planning and operational matters in the Privy Council office will be available for examination before respective standing committees of the house, in view of the fact that they seem to be taking over functions of deputy ministers and other directors of departments.

HIGHWAY SAFETY

PROTECTION OF CANADIAN CONSUMERS FROM TIRE FAILURE

Mr. Barry Mather (Surrey): Mr. Speaker, may I direct a question to the attention of the Minister of Consumer and Corporate Affairs. I ask whether, in view of the results of tests on tires in the United States, recently released by the United States government, in which it was found that 18 per cent of the tires tested failed to meet safety requirements, the minister would consult with his colleague the Minister of Transport in order to assure us that Canadian consumers will have safety in respect of tires.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, this question should properly be directed to the Minister of Transport, whose ministerial responsibility includes this area. The Minister of Transport will be in the house tomorrow. I will, of course, as always, consult with him when it is a question involving consumers.

[*Translation*]

AGRICULTURE

DAIRYING—REQUEST FOR STATEMENT OF GOVERNMENT POLICY

Mr. Henry Latulippe (Compton): Mr. Speaker, I have a question for the Minister of Agriculture.

In view of the increasing and general discontent among Quebec farmers about the quotas on industrial milk, would the minister indicate whether his department intends to review its policy, so that all dairy producers may take advantage of the subsidies, and so that the penalty for production in excess of quotas may be eliminated?

Mr. Speaker: I take the liberty of pointing out to the hon. member that this question was asked yesterday.

[*English*]

POST OFFICE DEPARTMENT

ZONING OF POSTAL ADDRESSES IN LARGE CENTRES

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to direct a question to the Postmaster General. It is in reference to a developing fiasco like unto that concerning passports. Can the minister advise what is now the status of three-digit zones in Toronto and other large centres, in the light of the recently announced freeze on this system and the study of yet another zoning plan?

Mr. Speaker: Here again I have the impression that this question was asked yesterday.

NATIONAL ARTS CENTRE

INQUIRY AS TO EXTERMINATION OF RATS

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, my question is for the Secretary of State. I ask him whether prior to the opening of the $46 million Arts Centre it will be necessary to call for exterminators to get rid of the rats.

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. I have some doubts whether this is a question which qualifies for consideration by the house at this time.

An hon. Member: The place is overrun with them.

INDUSTRY

AUTOMOBILES—RENEWAL OF CANADA-U.S. AGREEMENT

Mr. A. D. Hales (Wellington): Mr. Speaker, I should like to direct my question to the Minister of Industry, Trade and Commerce. It is in connection with the United States-Canada car pact. Could the minister advise the house whether the letters of intent, or agreement, signed by the Canadian car manufacturers have been withdrawn or cancelled?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, if I know what the "letters of intent" referred to are, they were valid for a period of time and that period of time is now exhausted. We are now working on the basis of a less formal system.

Mr. Hales: A supplementary question, Mr. Speaker. Would the minister, under motions, give the house an up-to-date report on the review of the pact?

Mr. Pepin: Yes, Mr. Speaker.

[*Later:*]

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, may I ask the hon. member for Wellington what he had in mind when he said "review"? It would be useful for me to know in preparing an answer.

Mr. Speaker: Order, please. We are now dealing with the question of the hon. member for St. John's East. The minister and the hon. member for Wellington might have a conference outside the house.

WATER RESOURCES

PLACENTIA BAY, NFLD.—COMPENSATION TO FISHERMEN FOR LOSS THROUGH POLLUTION

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to direct my question to the Prime Minister. In view of the fact that the Premier of Newfoundland said yesterday in St. John's that the federal government was consulted and approved of the opening of the phosphorus plant at Placentia Bay, will the government now fully accept its responsibility and justly compensate the fishermen of Placentia Bay who have been deprived of an income as a consequence of the pollution of that part of Newfoundland?

Mr. Speaker: Order, please. I have some doubts as to the form of the question. But I believe the intent is clear enough, and perhaps the minister should be allowed to reply.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this question has been debated, or discussed, in various ways with the Minister of Fisheries. I am sure he will answer any such question when he is in the house.

Mr. McGrath: On a point of order, Mr. Speaker, I am referring to a very strong statement made yesterday by the Premier of the province of Newfoundland in which he made a very serious charge, that in fact the government of Canada was responsible for the pollution of Placentia Bay. I think the Prime Minister owes the country, and certainly the fishermen of Newfoundland, an explanation.

Mr. Speaker: The hon. member for Comox-Alberni.

Mr. McGrath: May I call it ten o'clock?

Mr. Speaker: Not now. The hon. member for Comox-Alberni.

Mr. MacInnis: The Prime Minister wants to call it ten o'clock.

Mr. Trudeau: Surely. I would love to.

Mr. McGrath: See you at ten o'clock.

Mr. Speaker: Order, please.

Mr. McGrath: Make sure you are there, too.

TRADE

STRAWBERRIES—MAINTENANCE OF IMPORT DUTIES

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Minister of Agriculture. It is related to a question asked yesterday of the Minister of National Revenue by the hon. member for Fraser Valley West. I ask the minister whether he can inform the house what steps he has taken to meet the request of the B.C. Federation of Agriculture, made some three weeks ago, for the retention of import duties on strawberries during the 1969 season.

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I will have to take that question as notice. I was unaware that the hon. member for Fraser Valley West addressed that question to me yesterday.

[*Translation*]

NATIONAL CAPITAL

ACCEPTANCE OF AGREEMENT BY QUEBEC GOVERNMENT

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to put a question to the Minister of Regional Economic Expansion.

As I am quite pleased with the minister's statement concerning the national capital, could he tell us whether the Quebec government is aware of the statement he has made today and also if the agreements with Quebec in this connection have been officially accepted?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, the Quebec government is fully aware of this and has even been given this morning the general outline of our intentions.

[*English*]

NATIONAL DEFENCE

GENEVA DISARMAMENT CONFERENCE—ADMISSION OF OTHER COUNTRIES

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a question for the Secretary of State for External Affairs. Will Canada support the proposal of the United States that Japan and seven other countries be admitted to the Geneva disarmament conference when it reconvenes?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I cannot answer that question directly. I would have to make some more inquiries; but I can say that Canada does support an enlargement of this committee.

HEALTH AND WELFARE

STEPS TO COMBAT POSSIBLE EPIDEMIC OF GERMAN MEASLES

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I would like to direct a question to the Minister of National Health and Welfare. In vew of the fears expressed by the National Communicable Disease Centre in the United States that German measles will attain epidemic proportions this year, and the resulting program of massive immunization, will the minister assure the house that his department is also preparing for an epidemic and reveal what steps are being taken?

Hon. John C. Munro (Minister of National Health and Welfare): I can assure the hon. member that the department is assessing all the potentials of such an epidemic as far as Canada is concerned, and that if we find there is grave danger in this area we shall take the proper action.

EXTERNAL AFFAIRS

POSITION OF TAIWAN FOLLOWING POSSIBLE RECOGNITION BY CANADA OF MAINLAND CHINA

Mr. Andrew Brewin (Greenwood): My question is for the Secretary of State for External Affairs, Mr. Speaker. I want to ask him whether he was expressing government policy when he was reported as stating in Toronto yesterday that Canada's negotiations for diplomatic recognition of the People's Republic of China are based upon a one China as distinct from a two Chinas policy and, if so, whether this implies that should the negotiations be successful Canada would cease to recognize the Nationalist government at present installed in Taiwan—

Mr. Speaker: Order, please. The hon. member will realize that the question as asked is not in proper form. He cannot ask the minister to indicate whether he was expressing government policy in a statement made outside the house.

Mr. Brewin: Then I will rephrase the question and ask the minister directly whether the negotiations for the recognition of the People's Republic of China involve a one China as distinct from a two Chinas policy and, if so, whether this means that the nationalist government in Taiwan would not be recognized as the government of mainland China?

Hon. Mitchell Sharp (Secretary of State for External Affairs): I saw those reports in the paper. If I might be permitted to do so I should like to say that the quotes which appeared in that paper bear very little resemblance to what was said at the meeting, because it was a private meeting at which no reporters were present, and it is contrary to the rules of the Institute of International Affairs that any report should appear.

May I, now, answer the question which has been directly put to me? As I have said on a number of occasions, Canada has a one China policy, and since the nationalist government purports also to be the government of China we cannot recognize both Peking and Taiwan at the same time.

Mr. Les Benjamin (Regina-Lake Centre): In view of the statements made, I believe, by the ambassador for the government of Taiwan, may I ask whether the government of

Canada has received any notice, formal or otherwise, from the government of Taiwan to the effect that should Canada establish diplomatic relations with the mainland government the government of Taiwan would break off diplomatic relations with Canada?

Mr. Sharp: The ambassador of the republic of China has indicated his disagreement with the policy which is being followed by the present government but he has given no notice of his future actions.

Hon. Robert L. Stanfield (Leader of the Opposition): I should like to ask the Secretary of State for External Affairs when he proposes to break off diplomatic relations with Taiwan, since he apparently does not recognize the present government of Taiwan as being the duly constituted government of Taiwan.

Mr. Sharp: We are now negotiating not only with regard to the recognition of Peking as the government of China, but to establish diplomatic relations. Until that event happens I do not think there is occasion for any other action.

Mr. Stanfield: If the present government of Taiwan is not the duly constituted government of Taiwan six months from now, how is it the view of the government that it is the fully constituted government of Taiwan today?

Mr. Speaker: Order. I suggest to the Leader of the Opposition and to the minister that this is argumentative.

DIPLOMATIC EXCHANGE WITH THE VATICAN

Mr. James A. McGrath (St. John's East): I should like to address a question to the Secretary of State for External Affairs. Can the minister bring the house up to date as to the progress of the negotiations with the Vatican?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, there is no further progress to report.

UNITED NATIONS

CANADIAN POSITION ON SEATING OF MAINLAND CHINA

Mr. J. Edward Broadbent (Oshawa-Whitby): A supplementary question to the Secretary of State for External Affairs, Mr. Speaker. Does what he said mean that if Canada establishes diplomatic relations with the government of mainland China, Canada would also support a move by that country to take its seat—

Mr. Speaker: Order. The question as asked is hypothetical.

Mr. Broadbent: I will rephrase the question, Mr. Speaker. Does the government intend to support the claim of the present government of mainland China for a seat in the United Nations?

Hon. Mitchell Sharp (Secretary of State for External Affairs): I have made it quite plain on a number of occasions that our policy with respect to membership of China in the United Nations would be consistent with the success we achieve in these negotiations with Peking.

HEALTH AND WELFARE

LEGISLATION RESPECTING HUMAN ORGAN TRANSPLANTS

Mr. P. V. Noble (Grey-Simcoe): I should like to direct this question to the Minister of National Health and Welfare. Does the government contemplate introducing legislation in respect of transplanting human organs or tissue?

Hon. John C. Munro (Minister of National Health and Welfare): Not at the moment, Mr. Speaker.

FINANCE

NOVA SCOTIA—REQUEST FOR GRANT BY UNITED BLACK FRONT

Mr. J. M. Forrestall (Dartmouth-Halifax East): I am not sure to whom my question should be directed, but I will direct it to the Prime Minister. Since it is now some weeks since the Nova Scotia United Black Front submitted a particular request to the federal government for a special aid grant, can the Prime Minister advise the house where this request for funds now stands?

Right Hon. P. E. Trudeau (Prime Minister): I am not sure of the group to which the hon. member is referring but I believe the subject deals with regional economic expansion, one which of course comes under another minister.

[*Later:*]

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, may I redirect my question to the Minister of Regional Economic

Expansion. In view of the fact that it is now some weeks since the United Black Front in Nova Scotia submitted a request to the federal government for a special grant in aid, can he indicate where the request stands and when the black community in Nova Scotia may expect a reply?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I think this subject comes under the jurisdiction of the minister of health.

Mr. Forrestall: Then may I direct my question to the minister of health, now that the Prime Minister has taken a whack at it and does not seem to know anything about it.

Mr. Speaker: The hon. member for Hillsborough.

Mr. Forrestall: On a point of order, Mr. Speaker, if this matter falls within the minister's preview and he does not answer, what is the purpose of getting up and asking questions at all? May I direct my question to the minister of health. Can he advise the black community in Nova Scotia where their request stands?

Hon. John C. Munro (Minister of National Health and Welfare): Yes, Mr. Speaker. A meeting has been planned between myself and the Secretary of State to determine the matter finally, and we think we will have a decision within the next few days.

SOCIAL SECURITY

INCREASED PENSIONS TO MEET COST OF LIVING

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare. In view of the ever-widening gap between the level of the consumer price index and the 2 per cent increases which are permitted annually to those on old age security pensions, is the government considering amending the act to permit these increases to reflect the full extent of the increases in the cost of living?

Hon. John C. Munro (Minister of National Health and Welfare): No, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): Ten o'clock, Mr. Speaker.

[Mr. Forrestall.]

REGIONAL DEVELOPMENT

NEWFOUNDLAND—REQUEST FOR PROGRAM OF ASSISTANCE

Mr. John Lundrigan (Gander-Twillingate): My question is for the Minister of Regional and Economic Expansion, Mr. Speaker. In view of the critical state of unemployment and the financial crisis in the Province of Newfoundland can the minister say whether a program of development and assistance will be announced before parliament rises for the summer recess?

Hon. Jean Marchand (Minister of Regional and Economic Expansion): I do not think so, Mr. Speaker.

Mr. Lundrigan: Can the minister give some indication as to whether such a program will be announced before practically everyone leaves Newfoundland for Toronto?

On a point of order, Mr. Speaker, this question has been asked in the house in one form or another for about six months and we continue to get the same kind of response. I consider that this is not in order or in accordance with the rules; the minister is either misleading the house or he is not giving the information necessary.

Mr. Speaker: Order. The hon. member knows that the rules do not require a minister to answer a question. The hon. member has a right to ask a question but there is no obligation on the part of the minister to reply. Should he not be satisfied with the reply, the hon. member may under the rules give notice for the consideration of the matter at the time of adjournment. I suggest this is as far as he can go.

Mr. Lundrigan: Perhaps, Mr. Speaker, you clarified the point. I do not think the minister answered the question. Somebody has information which is not being given and it is causing a lot of concern in Newfoundland.

Ten o'clock.

HOUSING

UBAN RENEWAL PROJECTS—INQUIRY AS TO REMOVAL OF FREEZE

Mr. Lincoln M. Alexander (Hamilton West): I wish to direct a question, Mr. Speaker, to the minister in charge of housing. In view of the fact that the hon. gentleman has not so far indicated that urban renewal projects have been released from the "freeze" can he tell us when the freeze will be removed?

Hon. Robert K. Andras (Minister without Portfolio): I am not able to give any specific date, but I can assure the hon. member that this matter is under intense examination and that I am devoting my attention to it right now.

LABOUR CONDITIONS

RETRIEVAL OF CANADIAN STUDENTS FROM UNITED STATES

Hon. Robert L. Stanfield (Leader of the Opposition): I should like to direct a question to the Minister of Manpower and Immigration having to do with Operation Retrieval, in which I believe the hon. gentleman has considerable pride, and ask him whether he can explain why this operation has proved so inadequate that at the Massachusetts Institute of Technology it has failed to arrange for the placement in Canada of any of the Canadian students who are studying there.

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Mr. Speaker, the purpose of "Operation Retrieval" is to advise Canadian students in foreign universities of the opportunities available, and this we do. The decisions are ultimately made by the graduate students themselves.

Mr. Stanfield: A supplementary question, Mr. Speaker. May I ask the minister whether the Operation Retrieval program is under review? I ask this question because it appears that the operation has failed to secure employment in Canada for any students at M.I.T. who wish to return to Canada to work.

Mr. Speaker: Order, please.

POST OFFICE DEPARTMENT

ZONING OF POSTAL ADDRESSES IN LARGE CENTRES

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, with reference to the question I put to the Postmaster General a few moments ago, Your Honour suggested it was asked yesterday. Actually the Postmaster General was not in the house yesterday. I have checked *Hansard* and there are no similar questions, in fact none since this important matter has come into contention. I am sure the Postmaster General is prepared to give an answer now.

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): Mr. Speaker, I have answered the question before. The zoning regions remain in effect. We are not considering expanding the zoning system at this time to Vancouver and other communities until we have been able to examine an over-all recommendation for a national coding system which will make automation inside the Post Office much more feasible.

Mr. Macquarrie: A supplementary question. Perhaps the minister would give consideration to advising his officials in the Toronto area, who have advised the public that there has been a freeze on the three digit zone?

Mr. Kierans: Mr. Speaker, the three digit zone remains and will be integrated into a national coding system if we take this decision.

IMMIGRATION

FAILURE TO DECLARE TAPE RECORDER AT BORDER POINT

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, I have a question for the Minister of Manpower and Immigration. Is the minister aware that last Friday an American criminal smuggled a tape recorder past the customs and immigration authorities in order to test the minister's policy announcement a few days earlier? Has the minister looked into this matter in order to find out what was the intention of this criminal? What did he intend to do with the tape recording if the minister's policy was not followed through and he was denied entry into Canada? What was the intention of that criminal?

Mr. Speaker: Order, please.

Mr. MacInnis: Mr. Speaker, with all due respect, we have a situation where criminals are being allowed into this country. A national newspaper has published a report that the customs' laws have been violated. A tape recorder was smuggled in with the specific intention of putting the minister's policy to the test. I think we are entitled to know what the minister intends to do in a situation where our laws have been violated by an American criminal so as to test the minister's policy. What was the intention of that criminal should the minister's policy not stand up to his test?

Mr. Speaker: Order. The hon. member can ask what was the minister's intention, but he certainly cannot ask the minister what this individual's intentions were. I cannot see how this qualifies as a question at this time.

Mr. MacInnis: Well, I would be satisfied with the minister's intention in this respect.

Business of the House

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Mr. Speaker, the intention was to prove that the immigration officers were carrying out the policy of the government.

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. G. W. Baldwin (Peace River): Mr. Speaker, may I be allowed to ask the government house leader what is the business of the house for the balance of this week and for next week, indeed, as far ahead as his eye can see?

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, as the house knows, today will be an opposition day under the auspices of the New Democratic party.

Tomorrow we will return to item No. 75 to complete the debate on second reading of the bill with regard to the National Housing Act. That will be followed immediately by the second bill to amend the National Housing Act, which is item 82 on the order paper.

Assuming that those two matters are completed by Friday afternoon, the house will then turn to the income tax bill. The debate on that bill, which it is anticipated may run for several days in view of the fact that it will be considered in committee of the whole, will be interrupted on Tuesday evening at eight o'clock for the purpose of a budget speech by my hon. friend the Minister of Finance. Later in the week we would hope to reach the Canada Telesat bill.

I confirm that the debate following the budget speech will commence a week from next Monday, and I hope run for several days at that time.

Mr. Baldwin: A supplementary question. Would the minister consider discussing, through the Canadian variety of the usual channels, the business for the balance of this part of the session so that possibly in the not too distant future the minister might be able to make a statement on motions and let the house know what the government's intentions are?

Mr. Macdonald (Rosedale): Mr. Speaker, that is a very helpful suggestion. Perhaps I can meet with the other house leaders, either later today, depending on mutual convenience, or perhaps tomorrow morning, to try to work out the business for the balance of the month of June.

Mr. James A. McGrath (St. John's East): Mr. Speaker, a supplementary question. May I make a further helpful suggestion to the house leader by asking him to bring forward government order 68, dealing with the fifth report of the Standing Committee on Transport and Communications, the substance of which deals with the very serious problems of transportation in the Atlantic provinces?

Mr. Macdonald (Rosedale): Mr. Speaker, it is pretty clear that if the hon. member and his colleagues had not wasted a sitting day of the house on this matter previously this session, we would be one day closer to dealing with the important legislation still remaining.

Mr. McGrath: A further supplementary question. Surely the government house leader knows of our genuine interest in this subject and that we are prepared to bring the matter to a vote if he brings it forward.

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—TAKEOVERS OF CANADIAN RESOURCES, INDUSTRIES AND FINANCIAL INSTITUTIONS BY FOREIGN CORPORATIONS

Mr. David Lewis (York South) moved:

That this house condemns the failure of the government to provide policies to prevent further takeovers of Canadian resources, industry and financial institutions by foreign corporations, thus increasing the danger of foreign domination of Canada's economy and culture to the point where Canada's political independence is threatened.

• (3:10 p.m.)

He said: Mr. Speaker, I inscribed this motion on the order paper on my own behalf and on behalf of my colleagues because in our view the question of the foreign domination of our economy and the erosion of Canada's cultural development and political independence by foreigners is one of the two major problems facing the future of our country. One of those problems is the question of national unity, the other is Canadian economic, cultural and political independence. It is also our contention that these two aspects of our country's existence are inextricably intertwined, that you cannot have cultural or political independence without economic self-reliance and, of course, your economic self-reliance is threatened if your political

independence is in any way affected by foreign domination.

The other reason we have placed this notice of motion on the order paper and before the house at this time is that as one watches the performance of the federal government during the present session and looks at the performance of other Liberal governments in preceding sessions one cannot help concluding that this government, as previous Liberal governments have been, is totally committed to the concept of unrestricted continentalism and to the idea that there is nothing wrong with permitting Canada to become an economic and political satellite of its powerful neighbour to the south.

The Prime Minister has said on a number of occasions, as is his habit, that he does not like nationalism. I am not quoting him when I say that but I do not think I am being unfair to him. He has said he does not like economic nationalists, but to my knowledge at least he has never defined what he means by those terms. I wish to make it clear at the outset that I am not speaking of a sterile, negative kind of nationalism that beats its breast and wants to build a wall around the nation of which we are proud citizens. I am speaking of a creative pride and of a determination to build in our society, Canada, our own system of values; I am speaking of our determination to establish our own goals and to have the collective freedom to work toward those goals without interference and without having our freedoms eroded from outside. That is what I am talking about.

I want to make it clear that I am not talking about anti-Americanism; I am talking about pro-Canadianism, and not against any nation or any people, large or small, powerful or weak.

In January, 1967, I had occasion to write an article on the general subject of Canadian nationalism for one of Canada's national magazines, *Maclean's*. May I quote a sentence or two from that article. I said in part:

> By all means, let us maintain a close relationship and friendship with the United States. Any other course would be silly.

I said in the article what I emphasize today:

> But a friendship grounded in equality and self-respect is honourable and constructive; a relationship based on the timidity of a satellite is humiliating and sterile.

The way we have permitted our economy to be gobbled up by multi-national corporations at an ever increasing rate has changed us from a self-respecting friend to a satellite of the powerful country to the south. Having watched the development of Canada with a great deal of anxiety and pain in my lifetime, I have not been able to escape the conclusion that in developing Canada's nationhood we have also brought on a tragedy. I quote again from the article:

> But Canada's tragedy is that no sooner had we begun to emerge from our sense of inferiority toward the haughty mother across the sea than we acquired an even more virulent inferiority toward the rich uncle across the border. The materialist goals of the establishment encouraged economic integration with the United States, and political leadership bowed to what it called the inevitable.

It was not inevitable then, Mr. Speaker, and it is not inevitable now. I continue to quote:

> It was inevitable only because of the premise that economic goals must be shaped mainly by private enterprise and that what is good for it is good for the nation—

That premise, as history shows, is wrong, vicious and untenable. There is surely no argument about the alarming extent of foreign ownership of Canada's economy. The Watkins report confirmed that between 60 per cent and 80 per cent of our manufacturing, petroleum, natural gas, mining and smelting, and other industries are owned by multinational corporations which almost entirely have their headquarters in the United States. Indeed, the report states:

> No other country seems prepared to tolerate so high a degree of foreign ownership as exists in Canada.

The process continues unabated. News of further proposed takeovers has appeared in recent weeks. A couple of months ago we read of an attempt by a United States corporation to take over a Quebec-based life insurance company. If that takeover was stopped, and I am not sure that it has been, it was stopped by action of the Quebec government. Then, too, we have learned of an attempt by a United States corporation to take over a Nova Scotia-based life insurance company. As a matter of fact that company is seeking to bring a bill before parliament at the present time. We read of the Phillip Morris attempt to take over Canadian Breweries and, most alarming of all, just a few days ago we read of the takeover of Royal Securities Corporation Limited by a large United States company. Royal Securities Corporation is important in the Canadian underwriting and money market operation. To put it in one sentence, Mr. Speaker, what we have seen is that multi-national corporations, which are mostly

United States based and own many of our Canadian raw resources and secondary manufacturing industries, are now expanding their activities into the financial market. Attempts are being made to take over Canadian life insurance companies and, God knows, we have few enough of those in this country. These foreign companies seek to take over Canadian corporations involved in our money market.

I remind hon. members that the Watkins report warned us that we have but 10 years, or at most 15 years, to reverse this trend. After that, as the report said, "it will be too late". Indeed, Mr. Speaker, as one sees the extent to which Canada's economy is controlled by foreign corporations one cannot help feeling that even now it will be a tremendously difficult task to reverse this trend and to give the shaping of Canada's destiny back to the people of Canada. It will take a tremendous amount of effort, a great deal of leadership and much more intensive application than the government has begun to show if we are to begin the trend that will lead to the repatriation of Canada's economy. Yet even now nothing is being done nor even foretold about this matter, and nothing has been done for the last number of years.

• (3:20 p.m.)

The Watkins report lies gathering dust, even though the Hon. Walter Gordon was the Minister of Finance responsible for appointing the committee that produced that report. You will no doubt recall what he said when he presented it to the house. I am not quoting but I think I am accurate when I say that when he laid the report on the table he made perfectly clear to parliament that it was not government policy. He said he was not tabling it as a document having the support of the government or even as a document that the government had considered. He was merely laying it on the table for the information of members of parliament and the people of Canada. It now lies somewhere gathering dust. No one has said that anything proposed in the Watkins report will be acted upon by this government.

When the Canada Development Corporation was first suggested in 1963 and, later, in the Watkins report, it was held out as one of the instruments by which it would be possible to extend Canadian ownership in the Canadian economy through public and private investment, but the Canada Development Corporation has been conceived anew and aborted every year for six years, including this year.

[Mr. Lewis.]

I asked the Prime Minister (Mr. Trudeau) earlier this afternoon what the government's intention was with regard to the C.D.C. and I received an evasive and unsatisfactory answer.

This is why takeovers are occurring. What happens is that the appropriate minister, usually the Minister of Finance (Mr. Benson), expresses concern—this for consumption by the Canadian people, but I can almost see him simultaneously throwing an inviting and reassuring wink to his powerful United States friends indicating that they need not pay too much attention to his words. I am not exaggerating, Mr. Speaker. Every time a minister, including the Prime Minister whose remarks I will refer to in a moment, has anything to say, the emphasis is on the need for United States capital and the openness of our door. There is never any emphasis or determination to reverse the process and start it in another direction. This is why I am thoroughly justified in saying that the expression of concern is a crocodile tear merely for our benefit, while at the same time the powerful United States corporations are assured they need not worry about this government, as indeed they need not.

Indeed, despite its occasional Walter Gordon, and very occasional he is, the Liberal party has always been committed and is now more than ever committed to a slavish continentalism. It suits the wishes of the most powerful of Canada's private economic establishment, but it relentlessly erodes Canada's self-reliance as a nation. When we look at our economy we see what we are prevented from doing, even if this government had the imagination to try to do these things. Because of the situation I have described, interest rates in Canada must be higher than those in the United States. Why? In order to attract United States capital to take over Canada's economy, with the result that interest rates in Canada have reached an usurious level.

The price structure in this country is out of our control, as we are told over and over again, because we are so tied to the United States economy that we cannot do very much about it. The integration of the Canadian economy with the United States economy and the control of our economy by large multinational corporations makes it impossible for this or any other government, unless it has the conviction and courage to deal with the matter in a forthright way, to do very much about the price structure in Canada. The cost of living continues to rise. Our monetary policies are stultified because of a pegged

exchange rate. Again, this is as a result of our tie-up with the United States.

Our export trade is mostly in one basket. Our total economic position in the export market is entirely dependent on the United States. We have not attempted in any serious way to extend our export trade in other parts of the world.

An hon. Member: Nonsense!

Mr. Lewis: My hon. friend in his ignorance says, "nonsense". Perhaps he will eventually learn something and then understand what he is talking about, although having heard him on several occasions I am not at all sanguine about that.

The laws and policies of our powerful neighbour often control and always influence the policies of important corporations in this country. The author of the Watkins report made a speech in Montreal in January of this year. Professor Watkins said at that time:

> Not only have we largely lost the capacity to create economic growth in Canada, the capacity of the Canadian government independently to create jobs and control inflation is negligible.

This is all as a result of the continentalism which we have permitted to come about in this country. The other day the Prime Minister was interviewed by a member of the New York *Times*. I will not quote the Prime Minister but paraphrase accurately. I can almost see the Prime Minister shrugging his shoulders when he stated that the problem of economic domination is world wide and is almost inevitable. He pointed to the United States influence not only in Canada but also in Europe, to the Japanese influence in the Far East and to the Soviet influence in the satellites which border that country.

When the Prime Minister made that sweeping statement he certainly failed to appreciate the fact that in most other countries of the world, Canada being one of the very few exceptions, there are laws on the statute books limiting the extent of equity foreign investment and controlling that investment. As pointed out in the Watkins report, this is true in Japan, the United Kingdom, France, Sweden and Denmark. As far as I know it is true in most western countries. Whether they are unitary or federal they use their power to limit foreign investment. The Minister of Finance should not try to hide behind the constitution in this sphere. The fact is the minister and his colleagues have made no attempt to devise laws within our federal constitution or to seek the assistance of the provinces to devise laws that might be concurrent in both jurisdictions.

I repeat that when the Prime Minister made the statement to which I referred, he failed to appreciate the fact that almost every other country in the western world has established limits on the extent to which that country will permit its economy to be gobbled up by powerful multi-national corporations. In Canada there are no such limits. They are free to come in and bite, eat and digest the Canadian economy without hindrance. When the Prime Minister referred to the influence and attempts by the Soviet Union to control the economies as well as the minds of its satellite countries he forgot, though I am sure he is well aware, it is precisely because of those attempts that there was trouble in Hungary in 1956, in Czechoslovakia in 1968 and is why Yugoslavia left the Soviet orbit in 1948. It is why we have the constant and continuing hostility toward Soviet control in those countries which, one of these days, will result in very important developments in the communist world.

• (3:30 p.m.)

It is of course true that the powerful economic empires, particularly those with headquarters in the United States, are pressing everywhere in the world and seeking to establish themselves everywhere as part of the present corporate policy of conglomerates and monopolisitic tendencies involving the building of oligopolies, the control of markets, the creation of demand, and the diversification of their investments. All of these things are pushing these large international corporations to seek entry into every part of the world. But, as I have said, in Canada alone do these corporations not even have to push. They just walk in and the Minister of Finance, if he does not stretch out his hand in welcome, certainly uses his forefinger to invite them to come in. It is this situation which is beginning to worry the majority of the people of Canada. Slowly, Mr. Speaker, the truth about the foreign control of the economy and the political influence which that exerts on Canada is beginning to emerge.

The other day, as I am sure hon. members know, the Hon. Walter Gordon made a speech to grade 13 students at West Humber collegiate in Toronto. I hope he had a more receptive audience than he ever had in his own party when he was a member of the Liberal government. I point out that Mr. Gordon said he would, and he did, give three illustrations

of the way in which economic control influences and, although he did not use as strong a word as this, bamboozles governments of countries in which that economic control exists and is applied from the outside. I quote from Mr. Gordon's speech as reported in the Toronto *Star* of May 22. In giving the first illustration he said:

> Soon after Mr. (Lester) Pearson's first government was formed in 1963, a number of rather mild proposals were put forward... There was an immediate outcry including strong protests from the U.S. State Department. It was claimed that Canada was proposing to change the rules of the game, something that was reprehensible.
>
> This, of course, was just plain nonsense.

Then he went on to say:

> In 1963 the Pearson government believed that ever increasing foreign control over the Canadian economy was not in Canada's best interest. But taking action to counteract this trend encountered angry protests from the U.S. State Department, protests that were taken seriously by the government, a clear indication that our political independence had been eroded.

Those words are Mr. Gordon's, not mine, Mr. Speaker. Then he went on to give the second illustration:

> Two years later, the Pearson government was considering legislation which would have given Canadian magazines a better chance to compete with the Canadian edition of *Time*—

He did not make any reference to *Reader's Digest*. A little later he said:

> At that point the U.S. State Department went into action. Its representatives urged on behalf of the whole U.S. administration that nothing should be done which would in any way upset or annoy the late Mr. Henry Luce, the proprietor of *Time*.
>
> It was submitted that Mr. Luce had great power in the United States through his magazines, *Time*, *Life* and *Fortune*, and that if he were irritated, the results could be most damaging both to Canada and to the U.S. administration.

Listen to this paragraph in Mr. Gordon's speech, and may I say here, Mr. Speaker, that whatever I may have thought of some of Mr. Gordon's policies my acquaintanceship with him convinced me that he was a man of great integrity and total truth, and therefore I take what he says without the slightest hesitation as being the absolute and unqualified truth.

> The Canadian government concluded, quite rightly in my opinion—

Even he bowed down to the pressure.

> —that there was considerable validity to these assertions respecting the influence of Mr. Luce and, accordingly, the Canadian edition of *Time* magazine was exempted from the proposed legislation.

[Mr. Lewis.]

There is another example of direct political intervention. Then Mr. Gordon referred, as a third example, to the famous case of Citibank of New York taking control of the Mercantile Bank of Canada, at which point the government did dig in its heels to some extent, although even in that case a concession was made.

I suggest there simply cannot be any valid argument against the proposition that if a country's economy is controlled by a powerful neighbour then its political independence is threatened, if not actually eroded.

The late John Foster Dulles, speaking about an Asian country, and I am sure this statement is well known to a good many members of this house, once said:

> There are two ways of conquering a foreign nation. One is to gain control of its people by force of arms. The other is to gain control of its economy by financial means.

That was true of the Asian nation. It is true of Canada. It is true of every nation in the world. Everyone in this house has read the statement which George Ball included in his book, to the effect that sooner or later Canada would be so economically controlled by American corporations that political union and political solidarity would be inevitable.

Who can doubt these facts when you look at the present situation in Canada? The Watkins report makes clear, as I said, that from 60 per cent to 80 per cent of our manufacturing, petroleum, natural gas, mining and smelting industries are American owned. It makes clear that of 414 corporations in Canada with assets over $25 million, more than half of those total assets are owned by American corporations.

I want to say, Mr. Speaker, that these economic developments have also reached into our labour movement for historical reasons, in that the largest part of the trade union movement in Canada consists of branches of international unions. However, I have been glad to note that in the last number of years large sections of the labour movement in Canada have demanded and gained Canadian autonomy for their membership, and the right to elect their own leaders and pursue their own policies in Canada. But I regret to say there are still sections of Canada's labour movement where this is not true. There are still sections which are still too much under the direction of their headquarters in another country. I urge my friends in the labour movement, as I urge the government in the other sphere of our economy, to broaden and

extend the autonomy of the Canadian membership in international unions so that we can build a genuine Canadianism.

In my opinion, from what I have read, Canadians are becoming increasingly aware of the threats which I have tried to describe. A poll taken by the Toronto *Star* a year ago found that 60 per cent of those interviewed were anxious about the future of Canada because of outside economic control. If I may, Mr. Speaker, I warn the Canadian people through this parliament that the trend which I have described and which everyone regrets will not be reversed if the economy is left to the control of private corporations. To them a buck is a buck and they will not permit considerations of nationhood to stand in the way of any development even if it moves in the direction of greater and greater control from the outside.

We must have massive public investment to redress the balance. This is why the Canada Development Corporation is of such importance. We must have it as soon as possible. As a first step we must immediately implement the recommendations in the Watkins report. The fact is that those whom we invited to this country as guests are in the process of taking over our house and we not only let them but help them to do so.

• (3:40 p.m.)

I started by saying, and I end in the same way, that there are two major problems facing the future of our country, among many other important problems. One is the problem of national unity. The other is the problem of Canada's economic and political independence. I say that no viable Canada is possible without national unity. This is why we in our party supported the official languages bill and support any other effort which is made and which we hope will be successful to cement the relationship between English and French speaking Canadians. No viable Canada is possible without equality across the country. This is the reason we support every attempt to remove regional disparity. But I end by saying with all the strength I can that no meaningful Canada is possible at all without economic self-reliance, without political independence, and without a creative and positive Canadian nationalism that inspires common goals and a deep-seated belief in the future of this great country.

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I have just listened to the very interesting dissertation of the hon. member for York South (Mr. Lewis), loaded with all the usual fine phrases and the hypocrisy of the New Democratic party. Here is a party whose main financial support comes from international trade unions. But do they refuse this support? No, they do not refuse it. They take the support and then say, "You fellows should really be more Canada oriented". It somehow reminds me of a story I once heard of a university student who after accepting a scholarship from a wealthy individual went to university under the scholarship and when he got out of university criticized him as much as he possibly could. In my opinion this is hypocrisy, Mr. Speaker.

The problem of foreign ownership is a deep-rooted problem in Canada as it is in many other countries. It is a problem which does not have any easy solution. I did not hear a single proposal with regard to a solution from my hon. friend this afternoon. Would he like us to become a closed society? Would he like us to make it a criminal offence for people to take control of Canadian companies? He has not indicated what he would propose. I am sure he would also like us to move like this on the trade unions.

Mr. Howard (Skeena): You did not listen.

Mr. Benson: I do not believe Canada is an economic satellite of the United States. I am sure it is not a political satellite. This government, no later than in the past few months, in decisions it has made has indicated we are not a political satellite of the United States or of any other country, nor do we intend to be. We have an independent foreign policy.

An hon. Member: The government sure showed it in Biafra.

Mr. Benson: It was very interesting, of course, to hear my hon. friend say he was against free enterprise and against the profit motive, except in the legal profession, and that perhaps the economy must not be left to the control of private companies. Is he saying what we need is a closed economy, perhaps like Cuba, Russia, West Germany or Poland? I am sure that these economies have not produced the greatest possible benefits for their citizens.

The motion before the house appears to call for the government to prevent takeovers of Canadian firms by foreign corporations. No one has said how we should prevent this. Nevertheless this is what the motion says we should do. I assume that the current proposal for the takeover of Royal Securities is what

has given rise to the motion, along with other take-overs, but the motion goes farther than this. Looked at literally the motion seems to call for a policy which would clearly scare off foreign investment from Canada, discourage it and keep it out. Yet Canada's continuing requirement for foreign investment to provide new jobs for our growing labour force is obvious and is recognized in all parts of the house and in all parts of the country. Indeed, this was recognized in Saskatchewan under the government led by the present leader of the New Democratic party. No government welcomed foreign capital more than it did.

By 1970 we expect the numbers of our young people in the important 20 to 24 years old age group will have increased by 33 per cent—in five years. This rapidly growing number of young adults will want homes, schools and the other requirements of modern living. Our capital requirement in recent years has been in the order of a net annual inflow of a billion dollars. Above all, these Canadians entering the labour market will want jobs, and a policy of scaring off foreign investment would quite clearly be a policy of scaring off jobs.

Mr. Lewis: Mr. Speaker, if the minister would permit a question I should like to ask quite politely whether the billion dollars he is talking about is the net capital inflow, because it is not, is it? The net capital inflow is just about half that.

Mr. Benson: The net capital inflow is usually around $1 billion. It varies from year to year.

Mr. Lewis: It was not that amount in 1968.

Mr. Benson: The year 1968 was a very good one because of the actions of this government.

Too often critics argue only on one side of the issue and forget that capital flows more than one way. Canadian investment abroad is considerable and our most recent statistics display a fairly impressive record. In 1965, the latest year for which most published data is available, foreigners owned $35.2 billion worth of assets in Canada. But what is often overlooked is that in the same year Canadians owned foreign assets totalling $13 billion. Of this amount, private, direct and portfolio investment came to $5.6 billion, more than double the figure of a decade earlier. Over the past three decades the rate of growth of Canadian investments abroad has in fact been faster than the rate of growth of foreign investments in Canada.

Mr. Brewin: So what!

Mr. Benson: Most of this investment has found outlet in the United States. On a per capita basis Canadians invest better than one and one half times as much in the United States as Americans invest in Canada.

Taken literally the motion calls for policies which are not to a large degree within the legislative jurisdiction of the federal government unless one uses the Criminal Code, and perhaps that is what my hon. friend who claims to defend the rights of individuals wants us to do. In a narrow sense the government could, I suppose, seek authority from parliament for restrictive legislation dealing with all corporations under federal jurisdiction, but this would still leave a wide area where only the provincial governments can act and would simply, I think, encourage the incorporation of provincial corporations.

Because the federal government is only one of the governments in Canada which have responsibility in this area and because we must in all actions affecting foreign investment take account of the continuing need for foreign investment, this government's policy has been to proceed by way of a carefully designed series of detailed measures appropriate to the different sectors of the economy and to different types of economic activity. Let me list some of the particular actions which have been taken over the years to ensure a degree of control by Canadians in certain key areas of economic activity. Canadian governments have, of course, long discouraged foreign ownership or control of certain key sectors and industries such as railways in the post-confederation period, air lines, bus lines, radio stations in the 1920's and 1930's, television stations and insurance companies in the 1950's and newspapers, companies in the 1960's.

• (3:50 p.m.)

Looking at the past few years, it will be recalled that in 1964 several acts were amended in order to retain the Canadian ownership and control of federally incorporated insurance, trust and loan companies, by limiting the proportion of total shares which might be held by all non-residents to 25 per cent, while limiting the proportion held by any one non-resident to 10 per cent. So the takeover of federally incorporated insurance companies is difficult, indeed almost impossible, owing to actions taken by the government.

In 1965 Canadian firms wishing to advertise to Canadians in a foreign owned Canadian periodical or newspaper were forbidden to charge the cost of their advertising as a business expense for tax purposes. In practical terms this precluded the takeover of Canadian publications by foreigners because competing for Canadian advertising would be too difficult.

Guiding principles of good corporate behaviour were issued to foreign owned firms operating in Canada by the Minister of Industry.

As for banking, the revisions of the Bank Acts announced in 1964 and introduced in 1965 extended to banks the limitations on ownership previously applied to other financial institutions, namely, that the proportion of shares which might be held by non-residents was limited to 25 per cent, and the proportion held by any one non-resident was held to 10 per cent. In addition, any one resident, that is, a person resident in Canada, was limited to a 10 per cent holding. This was to make the legislation non-discriminatory and to make sure that control was not held by a very few people. If more than 25 per cent of the shares of a bank were held by one non-resident or resident shareholder, the total liabilities of the bank were limited to 20 times its authorized capital.

More recently the government has had the benefit of the Watkins report to assist it in the formulation of the wide variety of measures and actions which have an impact on foreign investment. To my mind the analysis of the costs and benefits to Canada of foreign investment set out in the Watkins report was very helpful. I would commend to all members that they read the sections of the Watkins report which deal with the benefits of foreign ownership. This was clearly brought out. It also referred to problems of foreign investments in Canada, which were also clearly brought out. Although I personally disagree with some of the specific means proposed, at least in the terms in which they were formulated in the Watkins report, there were some very practical suggestions as to policies which we might implement. Indeed, we have started to take steps to implement some of these policies, which I will mention very shortly.

One of the recommendations of that report was that there should be much more disclosure of the financial affairs of all large corporations in Canada, and that Canada should be a country in which large private foreign controlled corporations are unable to operate with a degree of secrecy which is incompatible with our national interest. These matters are dealt with, in so far as the federal parliament can deal with them, in the bill to amend the Canada Corporations Act which had first reading in the house last Thursday, May 22. Private companies, both domestic and foreign, of "economic significance", defined as companies with either assets or gross annual revenues greater than $3 million, are by this legislation to be required to disclose their financial position in some detail. Companies with more than one distinct class of business will be required to report the proportion of gross sales or revenues for each class, and the extent to which each class affected the company's profit or less. Whereas the Watkins report had recommended that only foreign private companies be required to make these disclosures, the new legislation applies to both foreign and domestic companies and is, therefore, non-discriminatory.

Members who have studied the bill to amend the Canada Corporations Act will have noted it contains detailed provisions relating to takeovers. Of course, the prime purpose of these provisions is to protect the interest of shareholders, but they are relevant to the subject of this motion.

I think the injection of foreign capital and foreign management into a resource firm or manufacturing firm that is going under may enable it to survive and grow in our country. I am sure all hon. members can think of examples where this was the case.

The Watkins group also endorsed the notion of a special development corporation. In this context I can assure the house that we fully intend to proceed with the establishment of the Canada Development Corporation. I believe it is too late to deal with it during the current session mainly because the business of the session has not moved in the way it should have moved. In my opinion too much time was spent on prolonged argument about the omnibus Criminal Code bill and more recently, because of a split in the Tory party, on the bill in respect of official languages.

Mr. Crouse: What was that last statement?

Mr. Benson: Mr. Speaker, this measure will be introduced when we can give it the time and attention it deserves.

Mr. Crouse: Mr. Speaker, what was the last statement made by the minister?

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Mr. Benson: If my hon. friend would listen he would hear.

Mr. Crouse: I was listening but you were mumbling through your teeth so that I could not hear.

Mr. Speaker: Order, please. The minister has the floor and the hon. member will have an opportunity to make a speech later in the debate.

Mr. Benson: As hon. members are aware, I am concentrating my attention on budget preparations and on the white paper on taxation which I hope to get out some time in the coming summer. I had hoped to get it out by the end of June, but as I have indicated this will be impossible. This may make it impossible to bring the Canada Development Corporation bill before the house prior to the end of this session and certainly, because of the limited number of government days we have left, before the end of June. I think it will be impossible to deal with the Canada Development Corporation before the summer recess.

I can assure the house that there will be an opportunity for a thorough and profitable debate on this measure, and that those interested in the motion now before the house will have an opportunity to offer some comments in a practical context. I hope that when this corporation is established it will have a role in regard to proposed takeovers of Canadian enterprises. It will be a matter for the directors of the corporation to decide in a particular case whether they wish to invest in a particular corporation.

Mr. Lewis: Who will be the directors?

Mr. Benson: In any such case their judgment will have to take into account the very wide range of complex facts that relate to a particular firm's position and to the Canadian interest in maintaining the Canadian identity of the firm in question. It is not our intention to have the Canada Development Corporation invest in businesses which do not provide a growth potential in order to call them Canadian. I think members should realize that the Canadian government is the biggest partner in every business in Canada. We collect in conjunction with the provinces 50 per cent of the profits of corporations and we get our 50 per cent of those profits in cash, whereas businesses often have to invest their 50 per cent in inventory and other means of expansion. We are vitally involved in every corporation that operates in this country.

I have quite deliberately, by treating the motion in broad terms, endeavoured to make clear that we do recognize, as did the Watkins task force, that there are real problems but also real benefits arising from the decisions of foreign corporations to enter into economic activity in Canada. As for the proposed takeover of the financial firm which has, I assume, triggered this discussion, I should like to say only two things. The first is that I did comment on this matter on Tuesday and indicated then that I would make a statement at a later date. That remains my intention. Clearly the implications of the takeover of a financial intermediary such as Royal Securities by a foreign firm are bound to be considered very carefully because they are of real significance in Canada. It is for this reason I do not propose to make a more definitive statement now when it would be premature, and certainly not until we have had adequate time to consider the implications of the views and actions both of the stock exchanges and of the other governments which have a responsibility in this area.

In closing, Mr. Speaker, I should like to say that I believe, as does the hon. member for York South, in national unity and the right to determine our own future, and that this is of vital importance to all the people of Canada, including every member of this assembly. I also believe that Canada can control its own future but that there is a problem existing in respect of foreign ownership. I believe we have to continue to look at the situation as it develops and determine what course of action can be taken in order to deal with this problem.

• (4:00 p.m.)

However, I would like to point out once again the jurisdictional difficulty in Canada, compared with a unitary state, in dealing with a problem of this kind. I am sure you could not get unanimity among the provinces as to any particular action with regard to dealing with foreign investment in our country. I would like to compliment Professor Watkins on the preparation of his report, which I think in general is a very good report. However, some of the ideas in it just will not work in my opinion and therefore they will not be adopted.

Mr. Lewis: Why don't you compliment him by adopting the report?

Mr. Benson: We have started to adopt some of the ideas in the report, as my hon. friend would learn if he took the trouble to read the legislation introduced into the house last Thursday.

Mr. Crouse: Mr. Speaker—

Mr. Speaker: Order, please. I believe the hon. member for South Shore has risen for the purpose of asking a question.

Mr. Crouse: Yes, Mr. Speaker. I wonder whether the minister would have the courtesy now to answer my question when I requested that he repeat the statement he made in reference to my party.

Mr. Benson: Mr. Speaker, I spoke for quite a long time, and if my hon. friend had been listening he would have heard what I said. In any case, he can read it in *Hansard*.

Mr. Crouse: I repeat, Mr. Speaker, that I was listening very carefully, but the minister was mumbling in his teeth at the time and I could not hear what he said. I asked him if he would have the courtesy to repeat his statement. It was an allegation against our party which was unfounded. We have not participated in any action which delayed the work of the house. As a matter of fact, the government itself has delayed the work of the house in this session, as we have seen, with the introduction of two measures covering the Fisheries Improvement Loans Act. This has delayed the work of the house. I ask the minister to repeat his statement.

Mr. Speaker: Order, please. The hon. member for Perth.

Hon. J. W. Monteith (Perth): Mr. Speaker, I do not propose to get into the dogfight which appears to be developing between the Minister of Finance (Mr. Benson) and the New Democratic party other than to suggest that I think it is safe to say the minister spoke in his usual arrogant manner.

Mr. Crouse: Hear, hear.

Mr. Monteith: He was so inclined to blame the opposition for all ailments in the house, whereas I am sure that if he gave serious consideration to his statement he would include many members of his own party as well. I hope my comments will be taken to be constructive; certainly this is what I am attempting to achieve.

We are being asked today to condemn the government for its failure "to provide policies to prevent further takeovers of Canadian resources, industry and financial institutions by foreign corporations." We are told as well by the motion that the government's inactivity greatly increases the danger of foreign domination of our economy and culture—indeed, increases it to the point at which Canada's political independence itself is threatened. It is rather difficult not to agree with a motion condemning this government for inactivity, for its gross failure to do things which will be significant in regard to our economic management, to condemn it for its astonishing inability to bring itself to do something positive to ensure that we will not all be robbed of our heritage by those twin dangers of inflation and government extravagance. The present government is one of the most notorious do-nothing governments of our times. It really should not surprise anyone that it is not doing anything about this situation or about any other.

Before we agree too readily with the terms of the motion before us, it seems to me we should examine it rather carefully. I think we must distinguish between the different kinds of activity of foreign corporations in Canada. We must distinguish far more carefully in these matters than do the hon. member and his colleagues who have put forward the present motion. Not every United States dollar, French franc, German mark or Japanese yen that comes into this country is tainted. Not every investment by a foreigner demonstrating his faith in our country, despite the bunglings of the present government, involves trying to take us over politically and sell our sovereignty down the river. Indeed, many of them, perhaps even most of them, come from countries that are having quite enough trouble managing their own political affairs without trying to take on ours as well.

What my hon. friends to the left of me usually forget is that if we had not had foreign capital invested in this country we would not have even got the fur trade started in the 17th century. There was no capital here to begin with. If French and English, later German and Swiss, then American, and still later Japanese capital had not been invested in this country, most of us would not even be here. Indeed, if it had not been for the foreign investor in Canada, I rather doubt there would have been any kind of economic system in this country for the present government to mismanage for us.

It would be rather amusing, if it were not rather sad, that my hon. friends to the left have to thank a former minister of the government opposite for waking them up to some of the realities of the present-day world. I suggest that is one accomplishment of Mr. Walter Gordon that will not be recorded in

too many Liberal textbooks. It was Mr. Gordon who documented for us just how far things have gone in certain sectors under the management of the present government and its Liberal predecessors.

The present motion was no doubt prompted by two recent events in addition to Mr. Gordon's shaking things up a little. The first was the takeover bid by the American giant, Philip Morris, which is seeking control of Canadian Breweries. Hon. members will recall the uproar we had in the house over that matter. But what are the facts of that case? Simply that Canadian control was lost some time ago to another international firm, the Rothmans tobacco group which is based in South Africa. The issue in regard to Canadian Breweries really concerns whether we prefer American or South African tobacconists to manage our largest brewing company.

The latest case involves Royal Securities Corporation of Montreal. The international giant, Merrill, Lynch, Pierce, Fenner and Smith, is trying to take over this very important, well established Canadian securities company. It looks, if we are to judge from the attitude of the Prime Minister (Mr. Trudeau) and the Minister of Finance, as though the American firm will be successful in this operation too, just as their compatriots have been successful in other areas.

The Prime Minister has told us that we are not in a position under the law to do anything because of constitutional and statutory considerations. We have had that kind of shilly-shallying, that kind of do-nothing, pass the buck somewhere, anywhere, but don't do anything attitude for far too long now. Cannot the Prime Minister, and particularly his colleague responsible for the Department of Finance, see the importance of our financial institutions? Can they not make what seems to us the all-important differentiation between the activities of foreign corporations which are beneficial to this country in very positive ways, and those activities which do nothing but diminish our autonomy and do not even add to our economic wealth?

There are occasions when takeovers of going concerns are a very good thing. Takeovers often lead to a much more rational allocation of our social resources; waste and non-competitive product duplication are sometimes cut out, sales staffs are revitalized, management techniques greatly inspired, new working and expansion capital pumped into the firm and everybody, especially the consumer and the Canadian taxpayer, is better off. Takeovers are often a very healthy thing from the economic point of view and frequently incur no political, social or cultural costs in the bargain. It is time we realized this and set about making sure that our public policies encourage takeovers whenever the public interest can be served in such important ways as I have suggested.

• (4:10 p.m.)

But there are other occasions when takeovers serve no useful purpose. There are occasions when they do nothing more than reduce the amount of real competition in the system, when they perpetuate old and wasteful ways, and when they result in poorer rather than better service and wider choice for the consumer. The case seems to be especially important when the takeover means a Canadian company passes into foreign hands.

Let me suggest some standards. I know this government is seldom very interested in things like principles but they are useful. What is more, and what is most important in this case, they help to let the other fellow know where he stands.

First, I suggest that we should reaffirm our present rules relating to the ownership and control of the chartered banks, the broadcasting companies, and so on.

Second, we should define more widely than we have, but also with great care, those economic institutions and agencies whose control and operation we conceive to be critically significant for our sovereign control of the Canadian economy.

I am not at all clear that the so-called near banks should be included in this category; that question will take some careful study. But it does seem to me that the hands-off category may very well include the magic 15 agencies to which the Bank of Canada grants special privileges and concessions, such as Royal Securities Corporation Limited. These 15 agencies are part of a special money market that the Bank of Canada and the government, in their joint wisdom, thought necessary to create. The basic idea, as I understand it, was to provide a much wider buyers' market for short term Canadian issues and thereby perhaps keep prices down a little and give us more flexibility in managing the economy. In return for maintaining the necessary inventory, Royal and others seem to be effectively subsidized through the chartered banks by getting low—one might almost say cut-rate—interest rates for their daily bor-

rowings. The justification for such a subsidy of private firms is said to be the benefit that such firms provide the country through the special money market they support.

That is all very well, Mr. Speaker. I am not at this time challenging the necessity and operation of such a system. But I am asserting the vital necessity of assuring ourselves that the control of such firms is always in Canadian hands.

The government has not done this in cases like Royal Securities and they still show no great willingness to see that it does not happen in the future. Indeed, they will not even assure us that they will stop what amounts to public subsidies going to this firm if it passes out of Canadian hands. I am sure we will be very deeply interested in the statement the minister is going to make a little later, and I really feel he should not delay any longer. What seems to be needed at this point is a special inquiry into these institutions, perhaps by a committee of this house or, if this seems inadvisable for various reasons, at the very least by a special study group, so that we can make a careful, considered judgment as to which and what kinds of economic and financial institutions have this critical role to play in the direction and functioning of the economy.

I have mentioned two principles, Mr. Speaker. I would like to deal with a third one. Takeovers by foreigners of Canadian corporations should meet a set of tests to demonstrate whether Canadians are likely to gain any real benefits from such a development. I have in mind tests like:

1. Does the takeover and change in control mean Canada will get significant amounts of new capital to develop our economy and create more jobs for Canadians? If it just amounts to card shuffling by the money-changers, then I see no good reason why we should put up with it.

2. If there is no new capital, is there any meaningful new technology to which we gain access? If so, what will be its impact on Canadian employment and productivity?

3. Will modernization of management or its replacement accompany the takeover in such a way as to increase the company's contribution to this country's economy?

If the takeover bid fails to be persuasive on any of the earlier points, I would suggest that fourth, a distinct and assessable benefit to the Canadian taxpayer and consumer be demonstrated before such takeover is permitted.

Some of the critics of foreign corporations' activities in Canada are fond of devising all kinds of economic gimmicks to deal with that foreign activity. Much of it, indeed most such gimmickry, is misconceived and miscarries in its objective. We must stop harassing foreign capital just because it is foreign; that is simply not good enough. We need foreign capital, foreign technology and foreign knowledge. We need them if we are ever going to deal with the economic inequalities and the continuing unemployment that continue to hamper the achievement of real social justice in Canada. I agree we must deal with foreign capital with our eyes wide open. But let us avoid the gimmickry, the jerry-built solutions, the cute but ineffective taxation dodges.

We should remember two things. First, for every foreigner that buys control of a Canadian company, there is one and often many more Canadians who voluntarily choose to sell, for example, a Canadian who was offered a better deal by the foreigner than he could get anywhere in this country. If we restrict the foreigner, we restrict the Canadian too.

Another point to remember is that ownership of the largest block of shares in a company is one thing but control is a political as well as an economic concept. No government needs to let foreigners control this country through the economy. All it needs is the good sense, pride in our country and the determination to maintain solid political control over a unified, growing and expanding country.

Unfortunately, Mr. Speaker, when I look at the performance of the gentlemen opposite, when I look at the sorry record of this government over the past six years, I lose all confidence in its ability or even its real desire to deal with our economic situation in a competent and responsible manner. I have no confidence that this government is even studying the situation very seriously. Indeed, I see every indication that in this area, as elsewhere, they are ready to play the game of constitutional pass the buck once again. It is one of the things they do best. Consequently, it seems to me that hon. members can have no alternative but to support the motion as proposed.

[*Translation*]

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, the motion introduced by the hon. member for York South (Mr. Lewis) reads as follows:

That this house condemns the failure of the government to provide policies to prevent further financial institutions by foreign corporations, thus

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increasing the danger of foreign domination of Canada's economy and culture to the point where Canada's political independence is threatened.

Mr. Speaker, this motion is far from being exaggerated, for Canadian political independence is more than threatened and we have noted that this government, like its predecessors, had to consult the Americans before applying any financial policy, in order to have their opinion. Our political independence is more than threatened at the present time. Indeed, we depend upon our neighbours to the south, not only from the economical standpoint but also from the political one.

I should like to corroborate this assertion by referring—unfortunately I do not have time here to go over all the statements made by hon. members or ministers who have spoken in this house—to a statement made in 1961 by Mr. James Coyne, during a lecture at Bishop's College. Mr. Coyne asked the following question, and I quote:

takeovers of Canadian resources, industry and

• (4:20 p.m.)

[*English*]

The fundamental question which we must decide one way or the other for ourselves is whether we are prepared as a nation to finance and control our own development to such a degree that the Canadian interest in Canadian industry shall in future increase instead of continuing to decrease.

[*Translation*]

And a little further he said:

[*English*]

The economic integration of Canada by the U.S. has already begun. The question we must decide is: do we want an independent Canada?

[*Translation*]

I could quote other statements including one showing that the motion of the hon. member for York South (Mr. Lewis) is absolutely in order and does nothing else but confirm what others have already disclosed to the Canadian nation.

I would like also to quote here statements made by the former Minister of Finance and a publication that reads as follows:

[*English*]

"How Can We Buy Back Canada?" asked the Toronto *Daily Star* editorial on June 12, 1963. "We cannot continue to stand idly by while our economy . . . is increasingly dominated by non-Canadian interests. If the economic policies of Canadian industry are to be determined in New York, Detroit or Chicago, then the time cannot be too far distant when our political decisions, too, will be shaped elsewhere than in Ottawa. When that day comes, we will have lost our independence as a nation."

But the *Star* has nothing to offer but words, words.

[Mr. Rondeau.]

"We Must Buy Back Canada" said the title of an article by Finance Minister Walter Gordon in *Weekend* Magazine (Nov. 9, 1963), half a year before he entered the new Liberal cabinet. After rambling through a dozen vague proposals Mr. Gordon answers his own confusion: "But we must do still more if we are to bring back to Canada some of the billions of dollars of Canadian industry now controlled abroad."

And he winds up still farther off: "But buying back Canadian resources and Canadian companies should be one of our declared objectives for the future."

[*Translation*]

This motion intends to compel the government to take the necessary steps to prevent even greater control over the economy by foreign interests and to prevent also the political control which, in our opinion, is unfortunately still too great nowadays.

On certain points, we do not agree with the New Democratic party, but when the Minister of Finance (Mr. Benson) accuses for example the New Democratic party of accepting especially gifts from American big business for electoral purposes, I say that he is only avoiding the issue instead of refuting the argument put forth this afternoon.

It is all very well to accuse the New Democratic party of benefiting from American financial interests, but that does not solve the problem of the control of the Canadian economy, not by the N.D.P. but by the Americans, thanks to the two old political parties which have followed each other for the past hundred years.

Unfortunately, we have noticed during the last federal election that the Liberal party accused the other parties of having received American funds for election purposes while it had itself received millions for its election campaign. In my opinion, it should not accuse the New Democratic party of hypocrisy towards American companies now controlling the Canadian economy.

Our economic system, Mr. Speaker, reminds me of a good farmer who, owning a cow would ask his neighbour to finance it. His neighbour finances the cow. Instead of buying it or financing it, he rents it. All the farmer has to do is to milk the cow and take the milk to his neighbour as a reward for financing the cow.

• (4:30 p.m.)

The farmer can then find solace, as the Minister of Finance said, in the fact that he has a job: milking the cow.

Millions of American dollars have created employment in Canada, and today we wake

up with a Canada-U.S. economy. Canadians no longer control their economy but they must pay taxes to the federal government in order to give special privileges to American companies. In fact, Canadians have only one thing to do, milk the cow and give their wealth to the Americans who are supplying capital and making millions of dollars of profit. As I will prove it in a few minutes, Americans have taken over our national wealth.

Now, the Minister of Finance cannot charge us with failing to suggest in this house since 1935 solutions to prevent what the New Democratic party is denouncing today and what we have also already denounced, that is control of the Canadian economy by the United States. Since 1935 we have been saying that even though Canada has resources, labour and talent, we must recognize that the American people have provided us with the technique, for which we have paid and are still ready to pay.

We have everything we need in Canada—a country described as beautiful, great and rich—except capital. Some incompetent governments had no foresight. Hence, after one century of confederation, Canada finds itself controlled to the extent of 85 per cent by the Americans, to whom it turns over billions of dollars in profits each year.

Here in Canada, we are lessees. We do not own our resources that we discovered and developed. We have discovered those resources ourselves, but they have been taken away from us due to a leasing and financial system that has allowed Americans to rob us of the fruits of our labour.

Mr. Speaker, we have on a number of times said: If we had the guarantees, the resources, the holdings in Canada—the potential—why should we depend on foreign countries to develop our resources? The Bank of Canada could develop our economy and allow Canadians to be their own masters. Why not use it? This is a suggestion; we have made it before and I repeat it: Why not use the Bank of Canada to allow the outflow of private capital, public savings, private savings? In Canada savings have been invested in provincial bonds for the building of roads, in school board bonds for the building of schools. All provincial developments have been financed through provincial bond issues.

We have used private savings in order to freeze public capital, in order to build schools, bridges, universities, roads, sidewalks, aqueduct systems, sewage systems. We have used the savings of Canadians to turn it into non productive capital. That explains why today money is scarce, as far as the financing of Canadian industries are concerned. It is because Canadians believe that Canada Savings Bonds give them more security and produce more interest that they buy them. All that money will not serve industry and the development of our wealth, at home.

First, Canadian savings frozen in public funds must be used. Another system of financing will have to be established so that public funds are not supplied by our savings. That is why the Créditistes are proposing that the Bank of Canada be used to provide public capital and that private savings be used to finance private industry and provide private capital.

Mr. Speaker, to show you to what extent economically, we are the slaves and satellites of foreign countries—as the Minister of Finance already said in the house—I will say a few words concerning foreign investments in Canada. On page 1086 of the 1968 Canada Year Book, one can read the following:

> Dependence upon externl sources of capital for financing in periods of heavy investment activity has been characteristic of Canadian development.

Unfortunately, Canada cannot depend on its own sources of capital.

> During the exceptional growth that occurred before World War I, non-resident investment was very high and the main source of that investment was London. However, during the first part of the inter-war period, the United States became the principal source of external capital and by 1926 the portion of Canada's international debt owned in that country exceeded that owned in Britain. With some interruption during the 1930s, United States investment in Canada continued to increase, particularly after 1947 when the period of intense activity in the petroleum industry got under way. Nearly half of the United States investment in Canada at the end of 1965 was accumulated since 1956.

But, Mr. Speaker, turning to the daily bulletin of the Dominion Bureau of Statistics published on Thursday, October 24, 1968, one can read, on page 3, and I quote:

> —direct investment by foreign companies and individuals in Canadian firms of foreign allegiance, by the end of 1965, had a real value of $17,208 million, compared to $15,889 million at the end of 1964, an increase of $1,319 million.
>
> The total book-value of such investment, including money invested by Canadians and residents in other countries, was $22,918 million.
>
> The detailed distribution of direct foreign investment, by country of origin, is shown below. Direct U.S. investment, with a book-value of $13,940 million, represents 81 per cent of direct foreign investment in Canada. The book-value of direct investment from the United Kingdom ($2,013 million)

and from other European countries ($1,120 million) amounts to 18 per cent of the total.

This means that the U.S. invested in Canada $12,750 million in 1963, on a total investment of $15,434 million.

In 1965, the U.S. invested $13,946 million, on a total investment of $17,208 million.

Mr. Speaker, it is most surprising, when those figures are considered a little more closely, to find that U.S. investors bought Canadian stock with our own money, and I would like to prove it.

If the Americans failed to conquer Canada by force of arms, in 1814, it is because they did not really try, for there were but a handful of inhabitants in this country. Roads did not exist as yet, natural resources were still unknown and big farms were non existent. Instead of conquering Canada, they bought it with our own money.

That started in 1885. At that time, Americans were selling $9 worth of goods per capita to Canadians, while we were exporting $7 worth per capita. It is not necessary to use a computer to show that the difference amounted to $2 per Canadian to the benefit of the Americans.

At that time, our population numbered approximately 4.5 million. The Americans therefore made an annual profit amounting to $9 million.

From 1947 to 1966, according to statistics published in the *Canada Year Book*, our imports from the United States were valued at $72,439,721,000 and our exports to that country at $58,017,080,000. The net gain accruing to the Americans was of $14,422,641,000, or $700 at the expense of every Canadian. It is with our money that they have purchased our natural resources, our industries and our mines.

From 1947 to 1966, the Americans made a net profit of $14,422,641,000 in their business transactions with Canada.

At the end of 1955, according to the daily bulletin published by the Dominion Bureau of Statistics on October 24, 1968, American investment in Canada amounted to $13,946 million. They used our money to invest in our own country and to control our own economy.

Mr. Speaker, at page 44 of the Budget Papers tabled in the house on May 27, that is last Tuesday, one reads the following:

Canadian borrowing outside Canada rose to a record $1,889 million . . . with a substantial carry-over of undelivered bonds at the year-end. Retirements of $394 million left net new borrowings very close to $1.5 billion.

[Mr. Rondeau.]

—But at the same time, this new source of funds did not drastically diminish the momentum of the more traditional Canadian borrowing in the United States, which reached $1,349 million in gross new issues, or very little less than the record level of $1,357 million recorded in 1966.

Mr. Speaker, in 1968, we thus paid foreigners in interest and dividends, according to page 137 of the Budget Papers, profits of $1,310 million, and our deficit in this regard reached $971 million according to page 138 of the same papers.

Mr. Speaker, we paid to foreigners $1,310 million compared to $1,190 million in 1967.

• (4:40 p.m.)

[*English*]

Mr. Deputy Speaker: Order, please. I am sorry to interrupt the hon. member but his time has expired.

Some hon. Members: Continue.

[*Translation*]

Mr. Rondeau: I would like to speak another five minutes, Mr. Speaker.

[*English*]

Mr. Deputy Speaker: Is there unanimous consent that the hon. member should have further time?

Some hon. Members: Agreed.

[*Translation*]

Mr. Rondeau: Mr. Speaker, it is quite strange to note that we borrowed more abroad in 1968 than in 1967, namely an additional amount of $120 million. We collected less in taxes on dividends and profits paid to foreigners. We increased our debt abroad, but on the other hand, in connection with profits and taxes paid by foreign companies, it is stated on page 172 of the last budget papers that we collected $15 million less in taxes and that we borrowed $120 million more in 1968 than in 1967. That is called progressive administration. I suggest that this Liberal administration is enriching the others at our expense and prefers to tax the Canadian taxpayers rather than the foreigners who take advantage of our resources and labour. Those statistics, Mr. Speaker, are given on page 172 of the last budget papers.

Mr. Speaker, how unfortunate it is to see that as Canada develops, its debt grows. Canadian profits are not paid to Canadians in the form of dividends or capital income but rather, increasingly, to foreigners who have invested in Canada. I do not blame them, but the government because it lacks the financial

and monetary policy to be self-sufficient. We must not rely only on our neighbours. We need our neighbours, but we must not live because they exist. We should be economically independent, otherwise we shall remain more and more politically dependent as it has been the case in the last few years unfortunately.

[*English*]

Mr. Frank Howard (Skeena): Mr. Speaker, we know that the Minister of Finance (Mr. Benson) is absent because he is preparing his budget. For a while the Secretary of State for External Affairs (Mr. Sharp), the minister really concerned with this matter, was present, but I notice he has now left. It is a bit awkward to make any comment on the remarks of the Minister of Finance in his absence. However, I would be prepared to repeat in his presence any comments I make now.

After listening to the minister's speech the greatest compliment I can pay it is to ignore it for it was filled with false statements and scurvy accusations so typical of a Liberal, particularly a Liberal who has been hurt by the truth. The Minister did make some sense in his closing statement. In winding up his speech he admitted that in the area of foreign investment and domination of our economy there are problems. He recognized that fact and declared he was concerned. In that regard it must be clearly understood and recognized that it is the minister alone who is able to do something about this situation. We in the New Democratic party cannot do anything about it, nor can the members of the Conservative party or the Liberal backbenchers, no matter how they feel about this subject. The minister can do something about it, and if he recognizes there is a problem he is derelict in his duty in not doing something about it.

The minister talked about the problems caused by the divided jurisdiction in Canada. He said that the provinces have some jurisdictional or constitutional authority over certain matters and this causes difficulty of action on his part. I wish to point out that under the constitution the federal government and parliament do have jurisdiction over such matters as finance, which is vitally important to us in the control of our economy. They have exclusive jurisdiction over banking and the issuance of money and credit, which are also vitally important. They have exclusive jurisdiction in regard to foreign exchange and relationships with other countries, both of which are vitally involved in the problem of foreign control and ownership. For the minister to proclaim that he faces difficulties in this field because under the constitution jurisdiction is divided with the provinces is simply a lot of hogwash. The authority and responsibility are there.

This causes one to wonder why no action has been taken. Probably one reason why no action has been taken is that the Liberal party is the party of big business, and because big business in Canada is foreign business it follows that the Liberal party is the agent of foreign big business. The Liberal party certainly receives its campaign funds from those sources.

While I am on the subject of campaigns I wish to place on the record apropos of the accusation made by the minister, a false one incidentally, a challenge to the Liberal Party, which has classified itself as pure in the field of campaign fund contributions, to open its books to the public. Let the people of Canada see where they get their dough from. Let them see who owns and controls the government, who pays the shot. Is anyone willing to stand up and make such a statement on behalf of the Liberal Party? Not a soul! Not a single taker! The government wants to keep the source of its campaign funds an absolute secret.

Mr. Deputy Speaker: Order, please.

Mr. Turner (London East): Mr. Speaker, I challenge the hon. member's statement. I happen to be a working man. I certainly do not have big business behind me in the city of London, Ontario.

Mr. Howard (Skeena): The hon. member is one of those insignificant Liberal backbenchers.

An hon. Member: Come on.

Mr. Howard (Skeena): I do not say it unkindly. You are in the same class if you say, "come on". Is there a Liberal member who will stand up and say he knows where the party receives its funds? Is there a Liberal member who is prepared to open the books for the general public to see? I am sure the public would be glad to know. I am asking about the Liberal party, Mr. Speaker, the organization that controls this group over here. I am not talking about the individual backbencher who does not know what goes on in the Liberal party because he has no control

over it. He is just a cipher. He votes when and how he is told to vote. That comes from no less an authority than the Minister of Energy, Mines and Resources (Mr. Greene). He made that declaration some time ago and that is what I am talking about. Is anyone prepared to stand up and open the books of the Liberal party to the general public? Not a taker. You haven't got the guts to do it! You don't dare do it.

With respect to these scurvy accusations by the Minister of Finance about the sources of funds for the New Democratic party, let me put it on the record again—we have said this many times in the past—that our books are open for the public to see because we believe as a political party that we are dealing with the public's business and so the public had better know what our business is.

• (4:50 p.m.)

An hon. Member: Where are the books?

Mr. Howard (Skeena): They are open. Do you want to come down to our national office to look at them? You are welcome at any time. Phone Cliff Scott, our federal secretary. He would be glad to accommodate you.

Mr. Danson: Does he just go to the unions to pick up the money?

Mr. Howard (Skeena): My hon. friend says now that we are going to fix up the books.

Mr. Danson: I did not say that.

Mr. Howard (Skeena): Then I apologize. I misunderstood what the hon. member said. In any event, I see that the hon. member for York North (Mr. Danson) wants to speak in this debate, and when he does get the floor I will listen attentively to what he has to say about the campaign funds of his party which is owned and controlled by foreign big business and corporations.

Reference has been made to the Watkins report on foreign control, which I believe was tabled some time in February last year just prior to the Liberal leadership convention and prior to the election being called. Now that the Messiah has been elected with his comfortable majority the government is in a position to bury that task force report on foreign control and not do anything about it.

It was a cabinet committee that appointed that task force. Mr. Gordon was on that committee. He has now gone from this place. Mr. Teillet was a member of that cabinet committee. He too is gone. There were three other members of that committee, one of whom is in the chamber now, the Secretary of State for External Affairs. The others were the Minister of Regional Economic Expansion (Mr. Marchand) and the Minister of Justice (Mr. Turner). Where do these three individuals stand on the question of foreign ownership? Were they serious when they appointed the task force? If they were, why has something not been done about it, or was the appointment of the task force a political gesture? Was it an attempt by that great double-standard person, Mr. Pearson, to have his cake and eat it too, to maintain within the cabinet the strong man for foreign ownership, now the Secretary of State for External Affairs, and to say to the general public, "We have appointed a task force to look into foreign ownership," in order to win favour with the Canadian people who are vitally concerned about this matter? It was an attempt to go in two directions at the same time and to get the best of both worlds.

There are those who advance the concept that we should reduce foreign ownership simply for the sake of reducing it. That in itself is not a valuable point of view. On the other side there are those who say we should increase the degree of foreign ownership in this country for the sake of increasing it. And then there is the government that supports the concept—I say this after listening to the speech by the Minister of Finance—of increasing the amount of foreign domination of the economy of this nation simply for the purpose of doing it for its own sake and not out of regard for the benefits that may flow from it. In fact, an economist by the name of A. E. Safarian, who worked with the task force on foreign control, has come to the conclusion that whatever benefits may have accrued or will accrue from foreign equity investment in Canada have been dissipated by the government itself through its lack of policies in a positive way—

Mr. Sharp: Does the hon. member agree with all the views of Professor Safarian?

Mr. Howard (Skeena): I did not hear the question.

Mr. Sharp: Does the hon. member agree with all the views of Professor Safarian?

Mr. Howard (Skeena): Maybe if the minister stood up and spoke louder I would be able to hear him.

Mr. Sharp: I am sorry. I was asking whether the hon. member associated himself with all of Professor Safarian's views? I would be very surprised if he did.

Mr. Howard (Skeena): The minister is the most surprising minister I have encountered. He would be surprised at many things, just as I am surprised at the manner in which he toadied to the United States on the question of straight base lines in respect of fisheries protection. He shakes his head and shows consternation on his brow, but it is a fact that he and his predecessor did have discussions with the United States over the establishment of straight base lines in this country to protect our fisheries. They still have not been established mainly because of objections from the United States, and these great upholders of our sovereignty were the ones who knuckled under to them.

The history of the Liberal party shows that it favours foreign capital, foreign control, foreign domination of our industry and our economy. Just one example, that of *Time* magazine cited by my deputy leader, the hon. member for York South (Mr. Lewis), will indicate just how anti-Canadian in a real sense the Liberal party is.

Successive Liberal governments have done this, Mr. Speaker. They have always talked out of both sides of their mouths, as the Minister of Finance did earlier this afternoon, saying that they recognized the problem and expressing concern, but behind the scenes they did everything they could to increase the amount of foreign investment and foreign domination. They have persistently shown no pride in Canada in this regard. They have persistently exhibited no faith in our own ability to do things ourselves. They have persistently shown a desire not to be pro-Canadian.

Let me give a brief example by way of statistical information. In the 1930's manufacturing in this country was under foreign domination to the extent of 38 per cent. Today it is 60 per cent. Mining and smelting were 42 per cent foreign owned. Today they are about 60 per cent. I could go through all the other industries and indicate the same sort of growth of foreign control. Twenty-five years ago foreign control was much less but because of the policies of successive Liberal and Conservative governments it has been steadily increasing to the point where—I am sure the Secretary of State for External Affairs will not disagree with this—if the trend keeps up, within a matter of a few years time it may be impossible and too late to do anything about it.

One of the shocking facts about the growth of foreign control is that it has been effected partly because of government policies but also by the reinvestment in Canada by those same companies of profits and moneys that they have accumulated from the exploitation of Canadian resources, thus enabling them to gain a larger and larger degree of control over us in the process. In turn, the government endorses this concept of using our own wealth to put ourselves more and more in hock and in debt to somebody else.

There is a companion activity involving the export of our raw materials. The conscious and deliberate policy of the government in this regard is to promote the export of raw materials, thus promoting the export of job opportunities for Canadians. At the same time it advances thereby the economic interests of those countries to which we export our raw materials because they manufacture them into finished products which we then buy back at probably eight to ten times the amount for which we sold the raw materials. In effect we are feeding the industrial machines of other nations of the world with our raw material wealth and our job opportunities.

Let me now read a short excerpt from a speech by no less a personage than the current Minister of Public Works (Mr. Laing) when he spoke on Friday, June 16, 1967, at the New Imperial Mine banquet in the Yukon:

> There is another aspect of this development which I believe must be mentioned. The product is to be shipped to Japan.

That is the raw material, the concentrates in the stage next removed from the ore itself.

• (5:00 p.m.)

> The Yukon is vitally concerned with Canada's world trading position. Everyone here can easily recognize the necessity of the Japanese maintaining their ability to buy their raw materials abroad. Without the Japanese market and the faith of Sumitomo in the future ability of Japan to compete in world markets, there would be no New Imperial Mine today.

That is fine Chamber of Commerce stuff but it does not really mean much to most

Canadians who are concerned about job opportunities. The minister continued:

> The Japanese have shown remarkable ability to manage their economy in the last 20 years.

A remarkable ability. They did it by a combination of things. One was by refusing to permit equity capital investment in Japan. They permitted debenture capital money that was lent but controlled rigidly the amount of equity capital invested in Japan. In other words, they restricted and almost prohibited foreign ownership of the industry and economy of the Japanese nation. They did this also by a curtailment to an almost minimal proportion of the amount of budgetary expenditures in Japan on matters such as defence, which are dead-end expenditures and drain off the wealth of the nation. In this regard, incidentally, following the end of the war and the end of the United States occupation, Japan did what we are advocating Canada should do, contrary to the statement of the minister that we are advocating a closed economy, which was a false statement in itself. The present Minister of Public Works went on to say:

> Their growth has been spectacular. The Japanese people's standard of living has risen dramatically. To keep it rising will require exports which must be used to pay for imported raw materials.

That statement is semi-treasonable, to say the least. It is a shocking declaration from a minister of the Canadian government that we should export our raw materials to another country in order to ensure that that country is able to continue to increase steadily its standard of living. Is the minister not concerned about our standard of living and about jobs for the people here? Is he not concerned about improving the industries and the professions in this nation or about increasing the wealth of Canada? No; he is concerned about the wealth of Japan, and that attitude I classify as semi-treasonable, to say the least.

One of the areas in which we are involved in respect of foreign control is the financial. In the period 1957-58 we had a report by the Gordon royal commission on Canada's economic prospects. The royal commission recommended that we must ensure that our banks and financial institutions, including insurance companies and the like, be retained under Canadian control. In the period since that time nothing has been done except to maintain the position in so far as the banks are concerned. The insurance, trust and loan companies represent a multi-billion dollar part of our economy. Yet to a great extent they are controlled by foreigners. To a great extent the decisions are made by people sitting in board rooms who are not even citizens of Canada, who have no responsibility to Canada and are not subject to any of the political pressures of Canada but are subject to the political and economic pressures in their own country.

As is well known, some of us in the New Democratic party have embarked on a filibuster program in respect of these insurance companies.

Mr. Deputy Speaker: I regret to interrupt the hon. gentleman but his time has expired.

Mr. Howard (Skeena): May I have unanimous consent, Mr. Speaker, to continue for a few minutes?

Some hon. Members: Agreed.

An hon. Member: One sentence.

Another hon. Member: Not a Paul Martin sentence.

Mr. Howard (Skeena): No. I had intended to quote the hon. senator. Most Canadians as individuals and groups within our nation are proud of our nation. We are proud of our culture. We are proud of our national inheritance, we are proud of our intentions and I hope are proud of ourselves too. We wish to heaven the government would exhibit a little bit of pride too.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please. Before I recognize the hon. member for York North I should like to advise the house of the items to be debated at the time of adjournment tonight. They are as follows: The hon. member for Central Nova (Mr. MacEwan)—Shipbuilding—failure of government to participate in investigating committee; the hon. member for Hamilton-Wentworth (Mr. Gibson)—Water Resources—pollution—request for control at Hamilton Bay; the hon. member for Gander-Twillingate (Mr. Lundrigan)—Regional Development—Newfoundland—request for program of assistance.

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—TAKEOVERS OF CANADIAN RESOURCES, INDUSTRIES AND FINANCIAL INSTITUTIONS BY FOREIGN CORPORATIONS

The house resumed consideration of the motion of Mr. Lewis.

Mr. Barney Danson (York North): Mr. Speaker, I had intended to start by thanking the members of the New Democratic party for choosing a topic which is of general concern to many Canadians. I share that concern, but I reject their twisting of facts, their vitriolic diatribes, the bogeymen they raise and the silly, neat little packages they bring up which are based on complete misconceptions and by which they are trying to mislead a great many people who do not know any better.

I have here several pages of notes I have made which I thought would be constructive in respect of this debate and which would deal with their arguments and tear them apart, because this is what debate is all about, in order to try to get something constructive on the record. But when the hon. member for Skeena (Mr. Howard) gets up and makes the type of accusations he has made and uses the kind of tactics he has used, which are not really relevant to this debate at all, and makes remarks about the hon. member for London East (Mr. Turner), a respected member of this parliament, a hard working railway man and trade unionist, I do not think any comment is deserved. I could take page after page after page of the notes I have made during this debate. I think I have seven or eight pages now. These are notes in respect of the absolute nonsense which has been spoken here this afternoon. I do not think there is much point in this sort of thing if it just results in a vitriolic personal attack and this irrelevant nonsense which we have sat here and heard.

I am very deeply concerned about this problem. The members of my party know of that concern; so do my leader and the members of the cabinet. Constructively we want to do something about it. We have to keep it in balance. I am not an apologist for my party. I believe I am just half as sincere as the N.D.P. think they are. I believe we must put this thing in balance.

An hon. Member: Tell us what you think should be done.

Foreign Control of Canadian Industries

Mr. Danson: Well, I think I have some suggestions. I have made them. If you are really sincere about wanting to know, may I say that I made quite an extensive speech on this subject on November 19, which is recorded at pages 2916 to 2921 of *Hansard*. I shall not bore you with that again. I think, however, that I had something constructive to say then and will continue to say it.

I believe we want to keep the balance. In order to keep the balance we must see what the total picture is. We do have extensive reliance on foreign capital. This is by no means a recent or new phenomenon to Canadians. On the contrary, it has for generations been a key feature of Canada's development. Canada's abundant natural resources, spread over great distances, have taken tremendous amounts of capital and related management initiative and know-how to develop. But because of Canada's relatively sparse population the domestic supply of these essential nation-building resources has fallen well short of requirements, particularly in periods of rapid development. At the same time, almost limitless growth opportunities coupled with a tradition of stability in the economic and political environment have made Canada a generally attractive place for outside capital. As a consequence foreign participation in Canada's growth has been substantial.

A major portion—about half—of Canada's foreign indebtedness takes the form of direct participation in industrial operations. Foreign controlled enterprises account for approximately three-fifths of Canada's manufacturing and mining industries and nearly three-quarters of the oil and gas industry. This direct form of foreign investment brings major benefits to Canada.

First, direct foreign participation in Canadian enterprises provides not only needed capital funds but also new forms of technology and managerial know-how not otherwise available. I should like to deal with that later. Second, many foreign owned enterprises in resource fields have been developed to supply affiliated companies, thus contributing a greater degree of market stability than is customary in the marketing of basic materials. Third, the international company constitutes a ready-made avenue for the kind of international specialization needed to develop more productive industry. Results being achieved from the automotive program illustrate how foreign affiliates can be adapted to contribute to more productive industries

through rationalization of operations on an international basis.

• (5:10 p.m.)

At the same time, a high degree of foreign participation in Canadian industry has certain limitations and some quite serious problems. The basic problem is the exposing of Canadian industry to foreign decision-making which may not always be in Canada's best interests. Such decisions are not always against Canada's best interests but frequently they may not be in our best interests. This exposure is accentuated to the extent that foreign governments use the parent-subsidiary relationship as an instrument for solving national objectives which may not be in harmony with Canadian objectives. To encourage a positive and constructive contribution to Canadian development and to lessen the risk of restrictive and disturbing influences which can arise from external decisions, foreign owned subsidiaries operating in Canada are urged to adhere to some guiding principles of good corporate behaviour if we have any. There is quite a list of them. They are somewhat for motherhood and against sin. Having seen these guidelines some time ago and knowing the people who receive them, I think this was one of the funniest things we have done in Canada—if you have that sort of sense of humour they are not real; they have no teeth.

When Conrad Hilton moves into a country, he says. "What are your rules? What are your terms for foreign investment? Tell me what they are. I'll live by them, but don't change them on me." I think we have to tell people what our rules are. Given proper recognition of the essential ground rules, foreign owned companies will undoubtedly continue to play a major role in Canada's economic development. Canada's growth potential is great and it is expected that development will continue to proceed at a pace requiring further substantial capital resources from abroad. Even if it were possible to generate sufficient capital resources in Canada to meet our development needs we would still benefit from having foreign participation in Canadian development companies by Canadian participation in enterprises in other countries. Just as nations benefit from a flow of goods across international borders, so also the movement of capital resources internationally facilitates international specialization in the use of capital, technology, management and resources to the mutual benefit of all concerned.

This raises some fundamental question which I think we must face in this house and during this debate. First, is Canadian business to be denied the opportunity to sell to the highest bidder, domestic or foreign, even though the owners have a better use for natural resources? Is the foreign company to be denied the opportunity to assume participation or ownership even though it is in a position to provide technology, management and other forms of leadership not available elsewhere? Is foreign participation to be prevented even though it provides a form of industrial organization most conducive to the best performance with consequent benefits to the consumer and producers alike?

Given the rising expectations of Canadians and many demands for a better living, can we afford to rule out this avenue to better industrial performance? I suggest, Mr. Speaker, that we can have our cake and eat it; they are not mutually exclusive.

Professor Watkins and his committee—the task force on foreign ownership of Canadian industry, I think is the proper title—produced a report which is not radical. As a matter of fact, I think in many cases it was understated and, to quote Watkins, "if all of our proposals were put into effect, Canada would still have one of the most liberal policies toward foreign direct investments in the world. Foreign corporations are still finding Canada a profitable place to invest." I do not think that is an overstatement. My experience, which has been in business and in other countries, would bear that out, having seen what goes on there.

We are living in a far more international world; yet I do not think there is anything incompatible in a healthy degree of nationalism and internationalism. I believe we can have both. It is chauvinism that worries me, this sterile flag-waving type of nationalism-patriotism with nothing to back it up. It is much the same here, and we are perhaps oversensitive to this in Canada. Our type of nationalism is a quiet nationalism. I would suggest it is a little too quiet at times. There is nothing wrong with a greater show of our patriotism. There is nothing wrong with looking after our best interests within the international community with which we want to co-operate. It is very much like individuals who must do things to maintain their own self-respect before they can contribute effectively to the society in which they live. And this is what we must do as a nation.

We must develop our strengths. We have to prepare the strength of our economy and our industry and our society for the free trade toward which we are heading through such

steps as the Kennedy Round. In my experience these negotiations have been tremendously helpful in net effect, for Canadian industry and industry of other countries. As the Kennedy Round rules come more and more into effect I feel there will be further benefits, and we must prepare ourselves for them. The recent bill to establish the Export Development Corporation, which was sent to the Standing Committee on Finance, Trade and Economic Affairs of which I am a member, is a unique and exciting piece of legislation that can help develop the potential of this country.

I am sometimes concerned that we put too much emphasis on exports and I do not think we can do that unless we balance it with the same amount of investment effort and concern about the development of our internal economy and society. We can then best produce because we are imaginative, because we are original, because we are well managed and because we compete on the market and on our terms. Then our products and the export incentives are simply the result of that. We back up good products, good productivity and good craftmanship with export incentives, but not as a crutch.

So we must look into the future and see what world we are building, for our old age and for the future of our children. We are going through this period of participatory democracy. I hope it is a permanent form of participatory democracy. I favour equally anticipatory democracy because we must see what is ahead of us. We are so inclined to look at today's problems and then simply react to them, but if we can anticipate we will be doing our job well here by seeing into the future. We get so bogged down hearing these speeches today, Mr. Speaker, hearing the gloom and doom. One would think we lived in the most depressed and terrible country in the world; yet our greatest problem individually as members of parliament is getting passports for people who want to go overseas. This is some commentary on our society.

I do not say we do not have problems, but they are problems of affluence. These are not wealthy people travelling abroad. Certainly there are wealthy people too, because we have a lot more wealthy people than we ever had before. But these are working people. In my own company, which is a small one, the people come from all parts of the world but mostly from the United Kingdom, Germany, Italy, Holland and Czechoslovakia. These people go home to see their families every year or two. It becomes commonplace. Our problem becomes one of getting passports. Because we are the sort of people we are and our passports are honoured, because we were free with them and found we had to do something about the matter, we have a problem because our people want to travel abroad.

I could go on and on about our guidelines. To me, guidelines and buying back our country are not very constructive. Americans do not mind guidelines. We talk about foreign ownership, but we are really talking about American ownership. We are not fooling ourselves and we are not fooling the Americans. They quite appreciate this. But they do not object. They will buy our guidelines if we set them and set them realistically. What they do object to, and for this I do not blame them, is any retroactivity which might be involved. We live by our rules. Canada has a reputation for making rules and living by them of making deals and living by them, and I think we deserve credit for that. We want to keep that reputation.

• (5:20 p.m.)

But any rules we make for the future should be made in our best interests. The American businessman is an American, and he is a businessman. All we should be is Canadians and businessmen. They understand that. I dealt with them when I was in civilian life. They are great people to deal with if you lay it on the table. I was in Cleveland a week ago tonight with the Minister of Industry, Trade and Commerce (Mr. Pepin) when he spoke to the Mid-Atlantic Region World Trade Congress, a huge group of American exporters. The minister laid it right on the line and told them exactly what the problems were, where we stood and what our concerns were. They are the same concerns that the Americans have. The minister put these things in context and perspective. He not only did not lose friends but he gained friends and respect, as he usually does wherever he goes. We have problems with licence arrangements which I think sap our inquisitiveness and restrict us in foreign markets. These are things we must deal with. I am probably taking too much time, Mr. Speaker, because I dealt with these things in a previous address.

The same thing applies to joint ventures. I think we could do a lot more in stimulating our economy with a much more imaginative approach through the Industrial Development Bank, which I think sometimes is far too restrictive, far too introverted, far too timid and far too careful. The Canada Development

Corporation offers enchanting prospects. It is very interesting, simply looked at. If you look at it from the N.D.P. viewpoint, that is the answer. But it is a very complex thing. It requires the utmost of study but in my opinion it does have a place in our economy.

I had the good fortune of being in Italy recently as a guest of the Italian state department, and I saw the functioning of their state organizations. It is really not what we would conceive in respect of the C.D.C., but it serves many of the same roles—companies like I.R.I., E.N.I., and Efim-Brada. The Italian government did not really mean to get into this. It happened in 1934, I think, under Mussolini, who made the trains run on time and established these organizations, which may not be good or bad, in spite of other things he did. But he finally got his just desserts. It happened because the banks failed and the government had to take over the banks, and the banks happened to control a lot of the industry. So the government found itself in business.

I was quite interested in this subject and met with the officials of these companies. There is a balance between public ownership, being the state in this case, and private ownership. The shares are traded on the exchange. I think we could learn much from what our Italian friends have done in this field. As I travelled through the south of Italy, a part of the country to which I had never been before, I saw the tremendous development by Italsider, the great steel complex, a fully integrated steel mill at Taranto, and Montecatini-Edison in Brendisi. There are so many others I could name, but they are not too easy to pronounce and do not come so quickly to me. This was in their depressed area.

Their problems are not so different from ours. The country is spread out and they have areas that are stultified where the people are what they call peasants. However, they are a charming, attractive, fun-loving people, with good wine and good music, who are now, through this intervention, developing a way of life which is consistent with that of the 20th century. I do not know if they will thank their government for it, but at least they are enjoying the material things which bring sprit spiritual things, too, in many respects but not always, that the rest of the country is enjoying.

There are two particular points I would like to stress in reference to what we must do to build our strength so that we can realistically build our economy, so that we can realistically set guidelines and put ourselves in a position where we can manage our own affairs. One is the area of research and development, innovation, and good business management. In management techniques I think we are deficient—it is not a net but a gross deficiency—in relation to our friends to the south. This is the reason or one of the reasons—there are many—that they have great international corporations. We have not paid sufficient attention to that aspect of education in Canada.

Mr. Speaker: Order, please. I have to interrupt the hon. member to remind him that his time has expired.

Some hon. Members: Continue.

Mr. Speaker: The hon. member may continue if he has the unanimous agreement of the house.

Some hon. Members: Agreed.

Mr. Danson: I shall try to be brief. I am so impressed with what I have written here that I really want to say it all. I think the area of management training is of particular importance. We have a growing number of schools of business management in Canada, but I suggest that we expand these and that they be given the highest priority by the governments with jurisdiction and assistance by those governments that do not have jurisdiction. But we do not have a first rate graduate school in this country. I suggest that we make sure we meet this deficiency very rapidly because our graduate students must at the moment go to other countries. This is not necessarily bad; this interchange can be really excellent. But nevertheless it is not a made in Canada product. Because it is made in Canada does not mean it is better, but there is a Canadian orientation that we must have in these things for our students and foreign students who come here.

Further to that, I would urge the establishment of an elite school—I hope there would be at least one French speaking graduate school and one English speaking, both with a bilingual orientation—for the graduates of these schools. Then we would encourage management in such a way that they would be really mature people, the type of leaders who will have great leverage in our society. This must take very high priority because like it or not, industrial leaders do have leverage. But it can be positive and beneficial, and

frequently is. It is not always bad, as some of our friends here would suggest.

They should be skilled in the social sciences so they are totally mature men who realize the need for political activity, who realize their responsibilities in housing, in social concerns, in bringing people along, in breaking down prejudice, in the cultural aspects of our society. If we develop leaders, management people of this quality, we will have a brand of Canadianism, I suggest, with a dynamic economy that will be unsurpassed. I believe we have an opportunity in this country to do very many great things. We must work at it. We have lots of ideas; some constructive ones were suggested this afternoon.

The fact that this is a subject of debate is interesting, because we can bring forward constructive suggestions. I hope we can be more constructive from here on. We have so much going for us in this country. We are in a unique position because we are just ready to take off. We think we are pretty good now, but it is nothing to what we will be if we do it intelligently, if we anticipate, if we think and are thoughtful instead of just being clever, which we are not always, if we realize the potential of our youth, the potential of our future immigrants, the potential of our natural resources, the potential of our good will, the potential of our own strengh, if we work toward it in an organized fashion, in an orderly fashion, with fairness, with compassion, with humanity and a full appreciation of what is good in Canada and for Canada, and what is good in the whole world, of which I hope we will be an effective part.

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, during the course of the debate today we will hear much about the effect of economic domination of our industry and resources by foreign powers. While it is well known that our industrial and resource base has reached such an alarming degree of foreign domination as to be well nigh irreversible, according to Professor Watkins, we do not generally recognize the extent to which the control of our institutions of learning, culture, information and communication have been similarly invaded, risking domination of our thought processes by ideas and ideals not necessarily reflecting a Canadian identity but reflecting instead a continentalism of outlook, taste, and attitudes, much in the manner that this government favours the continental approach to manufacturing and raw materials distribution. I intend, therefore, Mr. Speaker to deal with the difficulties facing Canadians in attempting to construct a distinctive national identity and national pride when the very means to achieve this development are increasingly in the hands of citizens beyond our border.

• (5:30 p.m.)

I refer specifically to the domination of our magazine and text book publishing industry by non-nationals of Canada; I refer to the foreign control of our radio and T.V. outlets and their programming into Canadian homes; I refer to the presence in our institutions of higher learning of what is now estimated to be a majority of professors who owe allegiance of citizenship and ideas to countries other than Canada; and, finally, I refer to the cultural invasion into Canada in art, music and drama by the dominant North American culture.

It would be simplistic and unthinking to interpret this concern as an anti-American tirade. It is true that because of proximity and similarities of language and culture it is inevitable that Canadians should be influenced by American ideas and technology. For that matter, so has the whole of the western world. But we are not Americans, and if Canadians desire a genuinely independent Canada, a Canada which has not exchanged political colonialism for colonialism of the spirit—and there is considerable evidence that they do—then there are some pretty important steps we must take.

But a culturally independent community is not simple to achieve and requires courage on the part of the government, a quality which has not been its most notable asset. In fact, this government has not only failed to halt major erosions of Canadian cultural identity, it has given us only costly examples of government tinkering in an almost futile attempt to develop this cultural awareness and uniqueness. I cite as examples a few of the most prominent. The C.B.C., $161 million this year; the National Arts Centre, $46 million with an annual budget of $2.5 million; the Canada Council, $23 million. Then there is the new languages legislation, and God knows what this will cost in terms of translation, printing and courses before we are through; perhaps between $80 and $150 million. And there are many more examples.

What is the justification, I ask, for spending the Canadian public's tax money on this kind of cultural tokenism if those factors much more central to our development are ignored or soft-pedalled? I believe that Canadians would support all these institutions

gladly if they were meaningful to them, if they preserved and enhanced the lives of Canadians. That is the only way that Canadian unity or identity will be served, not by grandiose statements of glorious intent and massive outlays of money that serve no real purpose.

We may well react as people betrayed. The publications industry, everyone reconizes, is an important factor in the exchange of ideas. And yet *Saturday Night* and *Macleans* are but two meek Canadian voices to counteract the flood of foreign opinion emanating from the 400-odd American magazines sold here, *Macleans,* we are told, is on its last legs. I should like to quote John Fisher from an article which appeared in the Toronto *Telegram* of November 16, 1968. The report reads as follows:

"*Macleans* Magazine, Canada's long-established national magazine, will be out of business within two years," freelance writer and broadcaster John Fisher forecast today.

And its death, he told 350 delegates to the Ontario English Catholic Teachers Association, will be only another symptom of a worsening state of affairs in the Canadian communications industry.

He urged teachers to encourage tough questioning of their society by both themselves and their students to counteract what he called "a sex-and-materialistic-economic treadmill that bombards them day and night".

The main reason for *Macleans* predicted demise is that two magazines alone, *Time* and *Readers' Digest,* which receive a $1.5 million annual Canadian postal subsidy, soak up over half the money spent in Canadian magazine advertising, leaving little for Canadian publications.

It is very generous of the Post Office Department to assist *Time and Readers' Digest.* However, the government has not been similarly generous to Canadian publications and Canadian postal users. While I am on the subject of the Post Office, Canadians should be gravely concerned about what is happening to our non-profit press, ethnic, political, scholarly, professional and labour publications, as a result of the new postal rates. When these papers fold, and hundreds have, or will shortly, opinion, dissent and thought will be limited and expression will be concentrated in the hands of fewer and fewer and fewer men. In this situation there is no need to curtail freedom of the press or impose consorship, since it already will exist de facto.

The book companies in Canada are, by and large, foreign subsidiaries. All of us are aware of the difficulties faced by an unknown author in getting his work published in Canada. I need not elaborate on this point further. But the preponderance of our school, and certainly our college texts, are published by foreigners. From his earliest contact with education the Canadian child is therefore exposed to the emphases and priorities of another country without being aware of this subversive subliminal influence upon him. The Indian child being confronted with a reader in English whose contents rely on experiences of a suburban middle class family is an extreme but not irrelevant example of what happens to most Canadian school children.

Turning now to broadcasting, another powerful media for influencing Canadians, we find that the story is almost the same. Radio and television stations all across our land are becoming increasingly owned and controlled by outside interests. CKLW of Windsor, is owned by RKO. CKCF in Montreal is owned by British Marconi; television stations in Kitchener and Vancouver are controlled by outsiders. Wherever you go the picture is similarly dismal.

In 1957 Robert M. Fowler in his first report outlines the problem on page 27:

We have a good broadcasting system. We are trying to do something that is not easy. The natural pressures are against us; the flow runs north and south and we are trying to make some part of it run east and west. The forces of economics are against us too, as they have been against many odd Canadian dreams and aspirations in the past. But this is one we had better work at, for it is really important if we are to keep a Canadian identity and culture; if there is, in fact, to be a Canadian force in the world. And that may be important to many people—both inside and outside Canada.

To do this, we must be prepared to spend public money in quite large quantities. The Canadian economy is just not big enough to support a broadcasting system on commercial revenues alone. At least, it would not be one we would want to have or one that would be anything more than the scattered outposts of American broadcasting networks. The central factor in a Canadian system is the CBC, supported by money out of the public treasury for both its capital and operating needs.

But I submit that we are indeed becoming, to quote Mr. Fowler again, "scattered outposts of American broadcasting networks" and, in spite of C.B.C. efforts, sales of outlets to foreign concerns are achieving this by the back door.

Of current interest is the purchase of 50 per cent of Famous Players Canadian Corporation Limited by the giant Gulf and Western Corporation. The C.R.T.C. has stated that, because of Ottawa's new broadcasting rules,

only 20 per cent is allowable for foreign voting capital and so a major test case is under way.

Famous Players has a chain of 21 broadcasting companies across Canada which reach into thousands of Canadian homes. In opposing the application, the Canadian Society of Film Makers said: "Granting the change-in-ownership would be a sellout allowing American interests to retain their stranglehold on Canadian broadcasting. It has become a wearying and discouraging task to try to save a little of this country's soul in the face of the indifference of successive Canadian governments."

These are serious matters, Mr. Speaker. For all our efforts and money to establish a viable alternative to imported programming we are now being told that even the 55 per cent Canadian content rule is under review. Mr. Juneau has told us he will have a new policy by spring.

Speaking in Edmonton recently, Mr. J. R. Peters, Vancouver president of the Canadian Association of Broadcasters had this to say, as reported in the *Gazette* of May 9, 1969:

• (5:40 p.m.)

Private broadcasters have done their best over the past 50 years to meet the requirements of public policymakers that radio and television programming safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada.

As a result of technical developments, the so-called public policy objectives . . . are approaching the position where a far more realistic objective must be sought. In fact, the combination of satellite and cable communication makes it likely that this long-standing government policy is even now obsolete.

I suggest that what Mr. Peters is saying is that, unless we are extremely wary, our radio and T.V. stations will become nothing much more than expensive juke boxes spinning out canned, foreign produced films and music at fantastic profits to the owners, and with complete irresponsibility towards developing Canadian talent or identity, while using the publicly owned airways to accomplish this.

The public does not have nearly enough access to information about the ownership of our broadcasting stations. There has been nothing printed giving the details of ownership and management of broadcasting stations since the list on page 287 of the Fowler report. I charge that the Canadian Radio and Television Commission is guilty of keeping the Canadian public in the dark about the ownership of our broadcasting stations by failing to publish annually reports concerning ownership of stations, plus financial disclosures which would reveal some enormous profits on relatively small investments. The public must see what is taking place in this industry.

I would like to deal now with a third subject, that is Canadian higher education. Considerable publicity has been given recently to the studies of Matthews and Steele showing that our universities are dominated, at least in numbers, by professors who are not citizens of our country. I would like to underline the fact that my concern is with the citizenship, not the national origin, race or religion of the immigrant professor.

It has been reported that 86 per cent of the new academic appointments to Canadian universities this year went to non-Canadians, and at present 51 per cent of the positions are similarly filled. At a time when there is marked concern for Canadian identity, we Canadians have allowed to take place what no other civilized country in the western world has permitted—that is, if the trend continues—a virtual monopoly of its higher education institutions into which our government pours upwards of $500 million per year; a virtual monopoly of instruction and policy making decisions by citizens owning allegiance to countries other than Canada.

Before someone challenges me on the ground that knowledge is international, and therefore it follows that to suggest a policy would be parochial, discriminatory or non-cosmopolitan, let me say that I agree with them wholeheartedly. But the concept of a cosmopolitan university is markedly different from that of the existing situation, where there is no reciprocity and equally or better qualified Canadians with up to 10 years of investment in higher education are denied positions in Canadian colleges, preference being given to outsiders. The United States does not operate this way; neither does Sweden or France, nor even little Tanzania. None of these countries gives permanent and senior positions to non-citizens.

Last year 1,013 persons entered Canada from the United States to take positions in our colleges. Only 105 persons from Canada—after waiting a minimum of eight months—entered the United States in search of academic appointments. During that time nearly 10,000 Canadians have qualified themselves here and abroad for positions in Canada, so no one can excuse this trend on the basis of a shortage of qualified Canadians, except in a few fields. On the contrary, there is an estimated excess of highly qualified Cana-

dians in English, chemistry, entomology, history and the classics, and yet they cannot find jobs in Canada.

Why not? The reason for this stems partially from the "grapevine" system of hiring practices common to Canadian institutions of higher learning. When positions are vacant, more often than not the department head makes the appointment. If he happens to be a non-Canadian, preferences are likely to be given to those recommended who may be known to him in the other country. The practice then becomes self-accelerating as more non-Canadians teach here. All university vacancies should be advertised publicly so that qualified citizens can avail themselves of equal opportunity for employment here. Perhaps a university manpower department would be the answer.

Given time I could go much more deeply into the course we are following which is so pernicious to the development of Canadian culture, but I look to Matthews and Steele for their views on this problem. In March 1969 a brief was submitted to the commission on the relations between universities and governments, and this paragraph appeared in the brief:

> What is the condition of the Canadian university at present? It is a condition, in the first place, in which the study of the Canadian culture and access to Canadian knowledge generally is shamefully neglected. It is a condition in which more and more full time members of the community are less and less knowledgeable about the Canadian fact. It is a condition in which the Canadian view of the world (even as expressed in and through disciplines other than those connected directly to the Canadian fact) is being more and more obscured as fewer and fewer Canadians are being hired to teach Canadian students in a university system finding ineluctably that its most dynamic relation is to the community out of which it takes its being.
>
> We have listened with respect and interest to the arguments which declare that anyone can teach anyone anything anywhere. We reject the idea when it means the disappearance of a majority of home scholars. For while the claim is insistently, even hysterically made, we continue to receive reports that students feel they are being cheated of their own culture; that non-Canadian models and information are being fed increasingly into studies of political being, social structure, and psychological understanding; that there is a wanton failure to know what qualified Canadians are available and to make known to qualified Canadians the availability of positions in Canadian universities.

It will be argued that there is nothing notably sinister about the presence of a preponderance of non-Canadians here. Many are very fine people, I agree. I have worked with them and as recently as a month ago I personally acted as a sponsor for one of them at a citizenship court in Vancouver.

[Mr. Rose.]

But what evidence do we have that the majority of them ever intend to become citizens? Are they here rather to build their reputations, to enhance their academic prestige through research prepared for and delivered to other countries, and to flit back again across our borders when a better deal presents itself? And will all this be done at the expense of Canadian studies and emphasis by people who have made no legal commitment to us at all?

It has been argued by at least one eminent Ontario legal authority that members of self-governing occupational groups such as law and medicine who personally receive some of the sovereign powers of the state and who exercise some legislative and judicial powers as a result should be required to possess the same qualifications as legislators; that is, full citizenship.

For our cultural protection, should not this concept be extended to our universities which receive and exercise similar powers on behalf of the state, and which are self-governing entities. Should they not require full citizenship from those in administrative positions who hold decision making powers over courses and content? It is not unreasonable, then, is it, following from this, that positions from chairmanship to chancellorship be awarded exclusively to men and women who have opted for Canada permanently? Let me repeat that the position I take in this regard is not to keep scholars out of Canada. Far from it; we need scholars of outstanding reputation. We need skilled people to become Canadian citizens. But the facts seem to point to the contrary.

• (5:50 p.m.)

When an United States university wishes to employ a distinguished foreign scholar, it offers him a two year exchange. After that period expires, more than likely out he goes. There is no evidence to indicate that Americans are particularly concerned with the universality of scholarship, or a cosmopolitan university either. They look after their own. This blatant academic nationalism is not suitable for Canada, as many other foreign practices are not suitable, on counts involving restrictions on immigration or the balance to be struck between foreign and native scholars. I believe, however, that a majority of our university teachers must be Canadian citizens and that the remainder should be drawn from all countries of the world. I do not think these people should be given a two-year income tax holiday, either.

Mr. Deputy Speaker: Order please. I am sorry to interrupt the hon. member but his time has expired.

Some hon. Members: Continue.

Mr. Deputy Speaker: Is there unanimous consent for the hon. member to continue?

Some hon. Members: Agreed.

Mr. Rose: Thank you, Mr. Speaker. I shall conclude my remarks rapidly. In any event, this is the position in which we find ourselves in the last third of the twentieth century. Our major publicly supported institutions of culture and learning run the real risk of being dominated by foreigners. Skilled young men and women who have been educated by the state and whose efforts have been buttressed by scrimping and sacrificing parents run a real risk of being denied employment in their own Canadian institutions.

Some may argue that the particularities of the Canadian environment are so insignificant and unimportant that they do not merit serious, scholarly attention by anyone. With this attitude I disagree. Many Canadians I believe are becoming increasingly aware that the much vaunted materialistic way of life of that great nation contiguous to ours is not what they want at all. Most Canadians and many United States citizens are beginning to reject the conformist approach adopted to the solution of all problems in that country. They reject the concept of poverty amid plenty, the idea of big city strife and the resulting racist and college unrest. These people want something that is unique and different and look to Canada for what they want. If we do not reverse the trend that allows a growing number of our publications, broadcasting facilities, universities and art productions to fall into the hands of non-Canadians, how can we be distinguished from our neighbours to the south? Our French-speaking Canadians will soon be the only people who will enable others to distinguish between us and our neighbours to the south. This French fact is, in my opinion, our major defence against our becoming carbon copies of the people of the United States and I for one cherish this defence which will prevent our being swallowed completely.

Mr. Deputy Speaker: Order, please. I understand the hon. member for Laurier (Mr. Leblanc) would like to revert to routine proceedings for the purpose of tabling a report. Is there unanimous agreement for this?

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

MISCELLANEOUS ESTIMATES

NINTH REPORT OF STANDING COMMITTEE

[*Translation*]

Ninth report of Standing Committee on Miscellaneous Estimates, in French and in English—Mr. Fernand Leblanc (Laurier).

[*Editor's note: The text of the foregoing report appears in today's Votes and Proceedings.*]

[*English*]

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—TAKEOVERS OF CANADIAN RESOURCES, INDUSTRIES AND FINANCIAL INSTITUTIONS BY FOREIGN CORPORATIONS

The house resumed consideration of the motion of Mr. Lewis.

Mr. E. B. Osler (Winnipeg South Centre): Mr. Speaker, I wish to make some brief remarks and if hon. members will be kind enough not to call it six o'clock until the clock is actually pointing to that hour I think I can finish what I have to say. Although the New Democratic Party has shown justifiable concern about the problem it has alluded to, I think it has overstated its case. The motion before us now reads in part:

> —the failure of the government to . . . prevent further takeovers . . . by foreign corporations,—

I want to know how we are to prevent takeovers by foreign corporations if Canadians themselves do nothing about these takeovers? I am convinced that nobody in western Canada is the least bit interested in knowing from where our capital comes. They do not care who owns the capital; all they want is to see our industries and resources developed. Years and years ago, and I am certain my hon. friend from Calgary will support me in my contention, although everyone in the west knew that we had a potential oil industry in our area we could not get it developed. You could go east on the train and approach the moguls in the halls of commerce of Montreal or Toronto hat in hand and get absolutely nowhere. Not until U.S. corporations invested money and built up our oil industry was anyone truly aware of that

industry. Yet people are now bleating about United States companies dominating our oil industry. I suppose it would be very nice if Canadians dominated it, but Canadians did not trouble themselves about it and took no notice of it. So, western Canadians feel that the origin of development capital is a secondary consideration and that what is important is that money should be available to develop this country.

I wish to make one other observation. I think the hon. member for Skeena (Mr. Howard) demonstrated the dilemma in which his party is. It wants to be the farmer's friend; it also wishes other countries to buy our farm products. Yet, when another country develops its industry to the point of being able to sell its products—as it must if it is to buy our farm products—to our farmers at prices lower than those charged for similar Canadian products, that party cries the blues and shows an inconsistent attitude.

Some hon. Members: Oh, oh.

Mr. Osler: The Canadian farmer is not the least bit interested in protecting eastern Canadian industries. He would sooner buy his finished product from Japan if that product is just as good as any available here, and cheaper.

Mr. Peters: And rightly so.

Mr. Osler: The hon. member says, and rightly so. I point out, however, that he cannot wear both hats at the same time.

Mr. Howard (Skeena): Will the hon. member permit a question?

Mr. Osler: Not just now, please. I have such a short time. It seems to me that those who have been crying gloom and doom have overstated the case greatly. Hon. Walter Gordon is the prophet of gloom and the hon. member for York South (Mr. Lewis) is uttering lamentations. I nevertheless suggest, as several other hon. members have suggested, that the government ought to look long and hard at the Watkins Report and consider some sensible and balanced way in which to approach this entire problem.

Mr. Deputy Speaker: Order, please. It being six o'clock the sitting of this house is suspended until 8 p.m.

At six o'clock the house took recess.

[Mr. Osler.]

AFTER RECESS

The house resumed at 8 p.m.

Mr. G. W. Baldwin (Peace River): In view of the fact this is a motion which will not involve a vote, I can express a greater variety of views than might otherwise be the case. Certainly, international capital has made a considerable impact on the Canadian economy. The motion as put, at least the first part of it, is fairly straightforward. Indeed, the situation set forth in the first part of the motion is almost indisputable.

The present government has not taken any action to prevent foreign companies from investing in Canada's resources, development and other aspects of the economy, nor has it taken any preventive measures for the future. It is not clear to me, or I am sure to the public, whether this government is even giving consideration to the economic and other issues which are involved here. If the government were considering these matters in a well balanced way, we would not need to be as concerned about this subject as the present motion indicates. It is by no means clear why the government should act to prevent some of the things to which our friends to my left are objecting. This is not a simple black and white issue. We are talking about welcoming foreign investment while still maintaining firm political control.

I was in this chamber on Tuesday and Wednesday when I should have been in the city of Grande Prairie where a crowd of some 10,000 welcomed the completion of the Alberta Resources Railway running from the C.N.R. west of Edmonton near Brule along the eastern slope of the foothills of the Rockies to the city of Grande Prairie. This railway not only opens up a new hinterland of resources to development, but also gives incidental and ancillary benefits to the people of the Peace River area as well as the Northwest Territories by providing a more direct route to the Pacific coast. If we had waited for Canadian capital to open up that part of the country we probably would have had to wait until hell froze over, if our past experience is any indication.

There are a number of resources in that area such as coke and coal from the Little Smoky River district; at least one or possibly two pulp mills and a gas processing plant. These are the bread and butter reasons for the existence of this particular railway, which was built by the C.N.R. at the instance of and for the Alberta government. However, foreign

capital from the United States, Japan and Europe was required to underwrite the exploration, delineation and development of these resources and to construct this $100 million railroad, with all the benefits which will flow from it. I think it has already been said we would have preferred Bay Street money. However, when Bay Street money is not available we will take Wall Street money to bring about the development we must have in a new area. I mention that simply to show the situation is not as simple as might appear at first blush.

It is not by an overwhelming fear of every stranger who comes to invest money in jobs for Canadians, that we will maintain control of our economy but by faith in our own country, faith in our own resolution. I know of no foreigner who has come to this country wanting to take control away from us. Very few of them have any real interst in taking over control either of our economy or our political system. Good heavens, with the mess the present government has got us into with soaring inflation and higher and higher unemployment, who would want control but a Canadian?

A good deal of the present fuss arose from the Merrill Lynch bid to take over Royal Securities Corporation of Montreal. I think this concern is well founded. It is considerably better founded than the fuss made earlier over a United States tobacco company trying to take control of a brewery from another foreign tobacco company. After all, Royal Securities is an old, firmly established Canadian company. For some time that company has played an important role as one of 15 companies given special money privileges in exchange for contributing to an important market for short-term Canadian paper.

It is clear that firms such as Royal Securities are playing an important role, perhaps even a critical role, in the management of the economy under the direction of the Bank of Canada. I think there is a case to be made that in certain types of industry and corporate entities, a sizeable Canadian presence must be established and maintained. Obvious illustrations which come to mind are chartered banks, the broadcast media and newspapers. I think the case in respect of these is automatic.

• (8:10 p.m.)

We have been invited from time to time to put forward our own proposals with regard to certain problems affecting this country. I say to those who are here, and to the Prime Minister (Mr. Trudeau) who is not here, that all one needs to do is to examine the records of this house to see the amendments and the proposals which this party has put forward indicating our specific and definite policies, I think it is most unfortunate, Mr. Speaker, that the government is so blind that it will not adopt these wise and sensible solutions we have suggested. It continues to ignore them. As long as the government refuses to accept some of our proposals it will continue to remain in the mess in which it is now.

There is probably a case for considering the establishment of some form of inquiry into both the general issue and specific instances. I know we have had the Watkins report, which was a royal commission. It may well be that in specific instances, where it may not be for the maintenance of a Canadian presence, we should have some form of machinery for establishing a board of inquiry. It may even be supplemented by a parliamentary committee. I think it would be fatal to suggest that this be done in every case. Of course, our jurisdiction would be restricted, naturally, to federal companies. But if those concerned realized that in certain cases of intended takeover such hurdles and obstacles had to be overcome, there would be a lot more caution displayed than has been the case heretofore.

What is needed is a careful investigation of all our major institutions; first by type or category and, secondly, by size or sub-type within each category, to see if we can come up with some agreement on this question of national identity in our business institutions. This information would supplement the Watkins report. I think there is no question in the minds of most of us that the decision with regard to the chartered banks was undoubtedly right, as it was with regard to the media, but where do we go from there? I think there is one further important step that might be taken. This question of the content of national ownership in takeovers by multinational or global companies is of world-wide concern. Canadians are not alone in their worries and fears about the consequences of the spread of multi-national corporations.

I had thought at first that perhaps we might explore the possibility of having parliamentary inquiries into these takeovers by foreign corporations, but might there not be some merit in having an international look at this question in all its implications? Could we find a forum that could undertake it? Canadians are joined in their concern here by Britains—certainly the concern in the United Kingdom, where I was a short time ago, is

growing—by Frenchmen, by Italians, by Japanese, by Indians, and probably by many more people I am not aware of and of whom most members of this house are not aware. All are worried about the implications for their national identity and sovereignty in the rise of the great multi-national conglomerates, the modern equivalents of the great merchant adventures of Phoenicia, of Venice, and of the Baltic ports, of times long past.

There were two limited attempts made to survey areas of the problem in this country. I quote from page 320 of the Watkins report:

> The Eisenhower-Diefenbaker joint statement on export policies of July 9, 1958, recognized that the export policies and the laws of the two countries may not be in complete harmony and called for "full consultation between the two governments with a view to finding through appropriate procedures satisfactory solutions to concrete problems as they arise."

There is no doubt that some of the ministerial meetings that have taken place since then were brought about as a result of the meeting of the then prime minister, Mr. Diefenbaker, and the then president, the late General Eisenhower. Later on in 1964, during the administration of Mr. Pearson, there was the meeting between Mr. Pearson and President Johnson following which, and here I quote from page 322 of the Watkins report:

> —the Merchant-Heeney report, "Canada and the United States, Principles for Partnership," was issued in June 1965. It recommended this ideal solution, namely, that American subsidiaries in Canada be granted a general exemption from the administration of foreign assets control regulations under the Trading With the Enemy Act. This recommendation has not been implemented and seems at present to be a dead letter.

Despite those who say that the United States government will not be concerned, it is possible that with the right approach we could have discussions with that government. I think our government might try, in co-operation with the United States government, to initiate an international forum in which this matter could be considered on an international basis. As a result, perhaps certain common rules could be laid down. It is going to affect us all. Even the United States is not immune to some of the economic consequences which flow from actions in other countries. We need no better proof of that than the world monetary crisis which is still with us and could become very serious.

I think that, with patience and time, this is an approach that might well be considered in connection with this difficult problem. Certainly, there is no excuse for not attempting to negotiate and discuss with the Americans whom we meet from time to time, not only at the ministerial level but at the parliamentary and congressional level. I, of course, bear in mind the fact that the Congress of the United States is in a position to initiate this sort of discussion if it were aware of world difficulties and inclined to take this step. Members of the United States Congress have a great deal more power than do members of parliament in this country.

[Mr. Baldwin.]

There is another proposal in this regard, and I give the government credit for initiating it. There is at present before the other place Bill S-38, to amend The Loan Companies Act. I know I cannot go into this bill in detail, but I mention this as one of the ways by which this problem can be dealt with. Under clause 5A of this proposed amendment, in the case of incorporations, and under clause 6(1)(b), in the case of existing corporations, a company can petition to have the three restrictions in 5A(a), (i), (ii) and (iii) included in their letters patent. These are restrictions which can be placed either in the letters patent of a new company or added to the letters patent of an existing company. I quote from clause 5A as follows:

> —to provide any restrictions desired by the petitioners in respect of
>
> (i) the classes of persons who may become shareholders of the company,
>
> (ii) notwithstanding section 56, the voting rights of shareholders, and
>
> (iii) the number of shares that may be recorded in the name of any shareholder in the books of the company;

This is a simpler method by which a company may petition but ultimately a policy and administrative decision at the level of the officials of the federal government is required. I do not know to what extent provincial governments have undertaken measures of this kind. I do know that my leader, when premier of the province of Nova Scotia, by indicating the intention of his government to do this brought about a situation whereby one of the large communications companies was compelled to take a position which was acceptable to the government and the people of that province.

• (8:20 p.m.)

So there is a means by which certain restrictions can be undertaken without necessarily having to beat the United States or any other country over the head and say, "No, we do not want you here under any circumstances". I think some of these approaches—which are undoubtedly important—would

save us from the narrow, mindless emotionalism which often plagues such issues when they are restricted to one country. If we could look at the problem at the international level, I think this would be very effective. We have been asserting that the entire field of corporate ownership in Canada is so important and so complex that we must look very carefully before we leap. We should scrutinize the ramifications of each policy initiative lest we injure the patient's health because of unthinking ignorance. This approach to the problem is also crucial in relation to the evocative question of the preservation of Canadian culture. One of our supreme priorities should be not only the preservation but also the positive stimulus of a vibrant strong culture which is uniquely Canadian.

I am glad to say one of the reasons I and other members of this house were persuaded to support the measure which we have recently given second reading and sent to a committee was this very thought. It does constitute a rampart of defence against what otherwise might be the case with regard to these proposed takeovers. In a country as diverse as Canada, in a country so close to the proud, selfconfident American colossus as is Canada, the people and their government must make a continuing effort to maintain their own culture. But in this area, as in the question of control over economic institutions, we must examine very carefully the relationship between ownership of social institutions and the preservation of a strong and continually developing culture.

The relationship may not be simple; indeed it is probably exceedingly complex. Certainly, it is much more complex than our friends to the left seem to imply in their motion which we are considering today. We must protect our way of life; we must be concerned with the influence of United States ownership of institutions within our society on those ways of life. But we must not be blinded by a raging obsession with the cultural perils of United States capital; we must not raise the emotional cry of universal anti-Americanism. Indeed, we benefit from exposure to ideas, not only cultural ideas but economic ideas, from beyond our national boundaries, even perhaps from American ideas from time to time. We must ensure that the great great American dream does not become the great Canadian nightmare. I suppose we might introduce sleeping with the elephants into this but—

The Acting Speaker (Mr. Béchard): Order, please. I must interrupt the hon. member to inform him that his time has expired.

Mr. Baldwin: I shall finish with that nightmare.

Mr. Alastair Gillespie (Etobicoke): Mr. Speaker, in speaking to this motion this evening I wish to emphasize two aspects. First, to a large extent I think the answer to this problem of foreign domination will be a matter of will rather than a matter of technique. Second, this will involve us in discussions with the provinces rather than discussion with the United States. I listened with considerable interest to the last speaker, the hon. member for Peace River (Mr. Baldwin). While I share many of his concerns, I am not sure I share his same hope that discussion with the United States will bring about an answer to this particular problem. I think it is very largely a constitutional problem. I believe, as I said in my introductory remarks, that it is a matter of will rather than a matter of technique. The thing I am concerned about is not so much the takeover of our industry, serious as that is. I am not for one moment advocating that we should sit back, passively accepting it. I am very much more concerned about the takeover of the Canadian mind and the Canadian spirit, a takeover which is more subtle and more pervasive, and infinitely more serious and important. If this takeover is ever made, then the takeover will be complete.

That is not to say that I want to speak this evening on the effect of the United States media, of radio, TV films or magazines, Rather I want to talk about our political independence and the fact that it will depend on Canadian attitudes toward our own originality, our ability to do our own thing. Our political survival as a country will depend on our ability to harness the energies and excite the imaginations of our Canadians of both official language groups and of the cultural diversity which is Canada. It will depend on our ability to build a society which is different from that of the United States.

We must approach this distinction in a positive way and not in an anti-American way. We must do this in a way which sets out the fact that we have many interests and aims which are similar to those of the Americans; that we are different; and that our interests are Canadian interests, even when they happen to coincide with the United States interests.

Foreign Control of Canadian Industries

It is in this context that I should like to focus attention on two particular areas which are of concern to me, and I hope of concern to all members of this House, perhaps to millions of Canadians. I wish to talk about two areas in which the thrust of our Canadianism is seriously threatened. I shall discuss the area of corporate initiative, of attitudes toward innovation and risk-taking which have been influenced over the years by the prevalence of licensing agreements. In that connection, I wish to mention the attitudes in respect of developing foreign markets, developing new processes and developing new products. All these attitudes, in my view, have been distorted by the prevalence of and the terms of the manufacturing agreement.

Secondly, I wish to talk about the thrust which may be muted in our schools and universities. May I say that I am very much aware of our economic dependence on the United States, and not just in terms of ownership. Perhaps 70 per cent of our manufacturing industry is controlled by the United States interests, but our dependence extends to exports, to capital and to technology. United States purchases are of the order of 75 per cent or more of our manufactured exports. In terms of imports of capital it supplies perhaps 80 per cent of our foreign capital or more and the figure has been much higher. Perhaps most important of all is our import of technology from the United States. I would estimate that this is in the order of between 75 per cent and 80 per cent. That is the more important aspect of foreign ownership.

Let us put the manufacturing licensing in context. Many foreign owned firms are Canadian branch plants. Many have licensing agreements with their parents. This provides access to technology. What is equally important is that a very large part of the remaining 30 per cent—that is the 30 per cent of Canadian industry which is not controlled by foreign corporations, have foreign licensing agreements. What is a foreign licensing agreement? Briefly, it is an undertaking between two parties whereby one, the licensor, who has the proprietory know-how licences the other, the licensee, to manufacture and market a product or service in exchange for royalty income. There are several aspects of the licensing agreement with which I should like to deal.

• (8:30 p.m.)

First of all, the research and development which is made available to Canadian operations is important. It is made available at an attractive cost. It is risk free, and it is instant know-how, if you like, or packaged technology. It is predictable as to cost and it is "closed-ended" rather than open-ended. It is also variable because it is usually related to so much per unit of production or a percentage of sales dollars.

Secondly it has the major advantage that it gives exclusive, or usually exclusive access to the Canadian market—a non-competing advantage to the Canadian firm. There is no close competition with a similar product.

Thirdly, and perhaps in many ways the most important from the point of view of developing Canadian outward-looking attitudes, the Canadian licencee undertakes to devote himself usually to his own market. Usually he restricts himself from selling in foreign markets. I should like to read you a clause from a typical licencing agreement:

> The licence herein granted is for the country of Canada and specifically excludes any rights to manufacture, assemble, distribute, or sell in or export to any other country or countries.

This tends to cause inward-looking attitudes on the part of Canadian entrepreneurs. Equally, it provides little or no incentive to Canadian entrepreneurs to improve the process, although he may have acquired the knowledge to do so as a result of the licence agreement. I should like to read another clause from a typical licencing agreement.

> All technical information relating to the process licenced hereunder in the possession of the licencee shall be made available to the licensor without charge.

In other words, you may ask the question, as many Canadian manufacturers have asked, what incentive is there for the manufacturer, as a party to such an agreement, to spend money on research and development or to use his originality if all the benefits of the improvement go to the licensor? In my view the licence agreement has played, and is playing, an important part in the development of our country by providing us with the know-how we do not have, by developing skills and employment, but the time I think has now come to convert this know-how into more outward-looking attitudes.

I should like to mention something that occurred in Toronto today which was sponsored by the Department of Trade and Development of the Ontario government. The name of this particular conference was "Joint Ventures and Licencing Agreements". It was convened precisely to engage the attention of

[Mr. Gillespie.]

Canadian manufacturers in respect to exporting their know-how, to stimulating their interest in export markets, and in reversing the process so that they in turn might licence foreign manufacturers.

This is an area where the provinces and the federal government must work in close harmoney. The Ontario initiative displays the kind of understanding so important to solving national issues. I hope the provinces and the federal government will discover the same sense of purpose in the constitutional area and I shall come to that in just a moment.

The Hon. Stanley Randall, in his opening remarks, emphasized the importance of multinational corporations and asked his audience to think about the multi-national corporation not defensively but in terms of the opportunities it provided because there is no question that the multi-national corporation is here to stay and will be even more important in the future.

What about the federal government's part? There is a place where the federal government could give important assistance to this whole question of the manufacturing licence. I refer to Canadians developing their own technology which they, in turn, could export. I think that exports made by Canadians firms which result from licence agreements between foreign corporations and Canadian firms should receive special encouragement. I would provide this by giving the royalties payable on such sales favourable tax treatment. This would be a way of encouraging Canadian manufacturers to think beyond their domestic markets. Similarly, foreign earnings made by Canadian companies from royalties or engineering fees based on their own research and engineering development should receive special treatment. We now provide for research and development under the I.R.D.I.A. program. This approach to royalties earned on export business or paid on export sales is similar in principle.

I think we should provide incentives for this type of export oriented R & D. This would be a way of saying to Canadian entrepreneurs, export markets are important. Indeed, they are particularly important where Canadian originality is involved.

I should now like to turn to the educational field because I think this is a major area of thrust as far as Canadianism is concerned which has been overlooked. Recently we have been very much reminded of the importance of university professorships. Professors Steel and Matthews have drawn to the nation's attention the alarming fact that most, or over 50 per cent of all positions held in Canadian universities, are held by non-Canadians.

The Toronto *Star* in a recent editorial indicated that last year we graduated close to 10,000 Canadians with master's degrees or doctorates, yet in that same year less than 4 per cent of our appointments were given to Canadian graduates. In that same year more than 1,000 appointments went to Americans, 545 to British graduates and 722 to academics from other countries. I do not propose to deal further with this point other than to raise it because this is something which the federal government and provincial governments jointly should concern themselves with. I will have more to say about that in a moment.

The second aspect of the educational field which I think is important involves textbook publishing. The Massey commission of the late 1940's and early 1950's concerned itself with what might be described as the cultural instruments of our national identity.

That commission studied the status and health of the arts, of TV, of radio, of periodicals and newspapers. It looked at the artist and spent a few minutes considering general publishing. The commission did not consider or concern itself, as far as I have been able to determine, with that place where this process starts of cultural originality, that is to say with the child—with the field of textbook publishing.

The bald fact is that 70 per cent of all textbooks published and used in Canadian schools—elementary and high schools—are today published by corporations which are foreign controlled. It is quite possible that within a period of years virtually all the textbooks used in Canadian schools from Grade 1 through to the end of university will be published by companies which are foreign controlled. I think this far more important than perhaps some of our other preoccupations with foreign ownership. I think Canadian people think this is important.

If we thought it was important to protect the ownership of our newspapers; if we thought it was important to protect the ownership of our periodicals; if we thought it was important to protect the ownership of our TV and radio stations and if we thought it was important to protect the ownership of our banks, then surely it is equally important to protect the ownership of our textbook publishing industry.

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• (8:40 p.m.)

There are grants given to the publishing industry. Recent Canada Council grants totalled $77,000, but these did not include the text book publishing industry. Grants are given to the Canadian film industry, but they are not given for text book publishing. To visualize the problem, all we really need do is recognize that the research and development which goes into building a text book is very similar to the research and development that may go into building an appliance, an automobile or even a mousetrap. How foolish, it seems to me, that we should provide industrial incentives to build an appliance, an automobile, or even a mousetrap, but not provide them for educational materials. How foolish that we should provide industrial incentives for the defence industry, but ignore the educational industry. There is legislation now which could be extended to include editorial R & D. It would help.

I now come to my point on the constitutional interest in these matters. I am concerned that we may be so preoccupied with our internal stresses that we are overlooking the external threats; that we may become so preoccupied with the jurisdictions between the provinces and the federal government that we ignore the really important questions of Canadian nationhood and Canadian identity. I would like to urge, in my concluding remarks, that the questions of Canadian ownership and Canadian identity be placed on the agenda of the forthcoming constitutional conference.

Some hon. Members: Hear, hear.

Mr. Gillespie: It seems to me important that we start now to develop a dialogue with the provinces, a dialogue which they will recognize as being equally important to each of them. I would hope that out of this dialogue would come an understanding of the problems of preserving a Canadian identity based on our own unique originality, an understanding which would include resource industries, and education which are now very largely provincial matters. I would hope that out of this understanding would come an agreement that certain powers might be transferred to the federal government so that it can deal effectively with this aspect of our national life.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I was very interested before the dinner adjournment to hear the hon. member for York North (Mr. Danson) use his initiative and produce a different speech than he had originally planned. I am happy to see that he has now been relegated to the rump, which may be significant.

However, this is a very serious debate. It is one that produces a great deal of heat on the part of some people. In my opinion this is a very good thing, because it is probably one of the most important problems we face today. The problem is growing at a fairly alarming rate. I was interested to hear the last speaker, who I understand has considerable experience in manufacturing, raise the arguments on the constitution that other hon. members have raised today. It is quite true that in a federal state we have more difficulty in developing a national aptitude and a national policy than would be the case if we were a unitarian state. It is also true that most nations in the world are unitarian.

Mr. Lewis: "Unitary".

Mr. Peters: Well, unitarian, unitary; what's the difference? It seems to me to be the same thing. There may be a difference in congregation. These problems may be easier to handle if you do not have the additional problem of being a federal state. It seems to me that anybody who uses the constitution as an excuse for every difficulty, as the Liberal party appears to be doing on almost every issue, is really not willing to face up to any issue at all.

Canadians faced a constitutional problem many years before we in this house were born and before our nation was founded. It was a problem before Canada developed, and it will be a problem for many years to come. There are those who say that because the constitution does not allow an easy distribution of powers, the federal government should not do anything about these problems until we have a constitutional conference of the federal government and the provinces. I ask, what will this accomplish? Provinces will take a totally different position about Canadian ownership and control of our economy; each province will have its own ideas on this subject, and rightly so.

I have been interested in the last few days in listening to some of the cabinet members who represent Quebec ridings portraying in a very aesthetic sense a solution for Canadian unity; yet the province they represent is in more desperate need of Canadian economic development and control than any other province of Canada. Quebec is now faced with an immense unemployment problem. Part of that

problem has evolved from the fact that most of the resources of the province are being exported in the form of raw materials.

I am interested in this matter for exactly the same reason that many of the members from Quebec, particularly northern Quebec, should be interested in it. We in northern Ontario have an industry that according to the Dominion Bureau of Statistics figures was 53 per cent American-owned in 1959. This figure is now 52 per cent. I suppose the small decrease has come about because a number of mining companies in the area are no longer in existence. But this does not represent the situation in our area.

We heard several weeks ago a very pleasant announcement that the Texas Gulf Mining Company was going to build a smelter in Timmins. The members from northern Ontario received this information with a great deal of rejoicing because of the efforts that had been made to have the company build a smelter in that area. Why do we want a smelter in that area? We want it for the simple reason that in the Timmins area we are giving away an immense resource which will reap for the company untold millions of dollars from the sale of our ore.

I am one of those very naïve people who does not know the constitutional rights of the Indians, or the law. I do not know the rights of a number of other people who may be involved in this question and believe that the ore in those mines belongs to the Canadian people and ought to be used for their benefit. We are quite happy to have somebody come in, set up the mine and mine the ore; but we want our share of the benefits derived therefrom.

For the multi-million dollars worth of ore that will be taken out of the area, jobs have been provided for 300 or 400 people. Three hundred or 400 people being employed in this industry is a very good thing and we are happy they are employed. These people are receiving a very good wage. But because this industry is one that lends itself to highly industrialized, secondary development, it will provide 4,000 or 5,000 jobs before the material is processed, to any great degree.

We suggest that the industry should be instructed by the government of Canada, the government of the province of Ontario and every other Canadian who is interested in the problem, to carry out the processing of this resource as much as possible in the area. What is the situation? The federal government had put up $6.5 million to help build that development. But really this is not very much money, because the people of Ontario will give back to that company by way of tax concessions over the next seven or eight years, an estimated $800 million. Suppose it were to provide 600 jobs? Why not look at it practically? Why not divide the $800 million plus the $6.5 million among the people in the area? I am sure they would be able to do something with it, if it were provided as a capital sum. In any event, we are making a major contribution and it has certainly not been in the interest of the community to wait so long.

• (8:50 p.m.)

I take another example. In my area there are two iron mines. Incidentally, I am shocked when I find that whether management is United States or Canadian does not seem to make a lot of difference. In this case, one mine is owned by a Canadian company with a great deal of support from outside capital and the other is totally owned by a United States concern; it is controlled entirely from Detroit.

As a government we have provided considerable assistance to this company to enable it to operate this iron ore project. The economical situation dictated that there should be a pelletizing plant. The Ontario government made available a subsidy applicable to the transport of the ore which allowed it to be hauled by rail to Pittsburgh, probably the longest iron ore haul in the world. This was arranged by the mine, which calculates its haul value to be $16.50 per ton. This is not what the ore is worth nor is it necessarily the market value, or the cost of production. But the company owns the mine and has decided how much it shall be worth. In short, we have provided many concessions to this industry and we have obtained out of it jobs for probably 400 people in the next 25 years. Suppose we were to set up an iron ore complex for ourselves in northern Ontario, or decide there should be a major steel works in northern Ontario as part of this general development program. The mines there now are only a beginning; there is a considerable reserve of ore in this region. A smelting complex in the area would handle the ore and provide jobs for a hundred years. It would, in truth, be a growth centre.

The funds necessary for such a development will never come from the Pittsburgh interests. They have a captive mine which will provide thousands of jobs in the Pittsburgh area on the basis of our ore. What do

we get out of it? Some employment is provided and eventually we shall get something by way of taxation, though we shall have to weigh this against the concessions we have already made in connection with freight and tariffs. But when the mine is exhausted we shall be in the same position as we were when gold mining ended its profitable production. I am sure there is no one here who does not believe we ought to rely upon the economic aspirations of most Canadians who wish to develop vigorous industrial growth in this country rather than upon the aspirations of the Secretary of State (Mr. Pelletier).

To change the subject, let me refer to what the government has done or failed to do in the past. Over the years, with the exception of C. D. Howe, Walter Harris, Walter Gordon, and whoever was responsible for one particular measure put forward by the Conservatives, there has been no attempt on the part of national government to develop Canadian autonomy. In fact, the effort has been the other way in many instances. What has happened with respect to the insurance companies? We constantly find that large outside corporations are gobbling up insurance companies in Canada including some which had been established here for many years. I was talking to a gentleman in my office today. He told me that one of the reasons he wanted a particular piece of legislation to go through parliament was to prevent a take-over of a company which had been in existence here for about 120 years. I suggest some of the Liberals on the back benches should take a look at the legislation we have provided in this field.

Some may be aware that we in this party have been trying in a small way to oblige some of the major foreign insurance companies to develop plans to provide for Canadian majority control over a period of time. We are well aware of the weakness of such control systems, when it comes to the point. We are well aware that companies such as Argus, a holding company, does in effect exercise total control over its subsidiary companies. Nevertheless, what we advocate seems to be a step in the right direction. When we told companies such as Transcoastal Insurance that they should be willing within ten years to provide Canadians with an opportunity to buy stock and place control in the hands of Canadians it was found, to the surprise of the lawyers and others concerned, that if these companies did divest themselves of 51 per cent of the stock they would not be able to vote the 49 per cent remaining to them but would only be able to vote 10 per cent. Talk about stupid legislation. We have certainly made it difficult for Canadians to buy back Canada in many fields. I understand a recommendation is being made by the Superintendent of Insurance that this particular piece of legislation should be changed because of the obstacles it presents to the making or arrangements to allow Canadians to obtain control of undertakings which operate in this country.

Many countries across the world found it necessary to pass legislation to ensure the independence of their economies. Japan and West Germany are outstanding examples. I supose no two countries were ever the recipients of more money than the Americans were willing to make available to these nations after the war. It is certainly to the credit of the American people that they were willing to allow nationalism to develop among the Japanese to the extent that the latter were able to pass legislation to ensure control of their own financial institutions and of their industry. How did Canada get into such a mess by allowing foreign capital to be invested in this country?

• (9:00 p.m.)

We need and would like to receive foreign capital. We do not yet have the ability to generate enough capital to continue as rapid an increase in productivity as we would like. Other countries are willing to allow foreign investment to a very large degree, but always in loan capital. They do not allow foreign investors to set up a company and control it; but they are allowed to put up the money and reap the reward in the marketplace.

Much of the money that has come into the municipal market in the last few years has been of this nature. Most municipalities, even some small ones in northern Ontario, go to the New York market to float their debentures and return to Canada with the capital they require. Surprisingly enough, New York investors have not asked for the ownership or control of the sidewalks, sewers and tax rolls in these communities. You might ask why this is so, Mr. Speaker. Perhaps they should, because that is what they did in the resource industries. However, they do not, and to me this indicates that the money is forthcoming as a result of the interest rate that can be expected from Canadian development. If we were to make investment subject to control of the type found in almost every other civilized country, we would find little opposition from the United States and little loss in our national standard of living.

The Liberal party forgets one very simple fact, and that is that the United States needs us much more than we need the U.S. We have the resources and the raw materials. Because of depletion of all types of raw materials, the United States has a limited reserve in almost every major resource area, even in agriculture. They need us desperately as a bank. We are a stable people. We have stable if unimaginative governments. We are not the kind of people who are going to embark upon a banana republic type revolution. Therefore, U.S. long term investment is fairly protected in Canada.

While our Minister of Industry, Trade and Commerce (Mr. Pepin), our minister who really believes in continentalism but with restrictions, was trying to negotiate with the U.S. about transporting our gas through U.S. territory, considerable opposition in the U.S. was raised because of the diversion of some of the gas in the market.

The Acting Speaker (Mr. Reid): Order. I have to interrupt the hon. gentleman because his time has expired.

Mr. P. M. Mahoney (Calgary South): Mr. Speaker, I very much enjoyed the speech of the hon. member for Fraser Valley West (Mr. Rose), who zeroed in on the cultural aspects of the motion before the house. The hon. member is a cultured gentleman and very knowledgeable in the area of which he spoke. It is indeed regrettable that those in his party speaking to the economic side of this question do not share his expertise.

Basically there are three types of foreign borrowing with which we in Canada are concerned. We can borrow to finance imports of consumer goods, which means paying for our groceries out of debt, as we have been doing on a substantial scale for years; hence an unfavourable balance of trade. We can also borrow to build social capital, such as roads, schools and hospitals. Most municipal and provincial borrowing falls into this category. Thirdly, we can borrow by allowing foreigners to invest in new or existing business enterprises. In this case the foreign investor takes his chances. If he makes profits he sends some of them home. He employs Canadians and he makes them pay taxes. This expands the Canadian economy. If he makes no profits, then he alone is the loser. Canada pays him no interest on his money, and if he loses nobody else is there to repay him.

The first form of borrowing occurs when we have a trade deficit. It is reversed when we have a trade surplus. The solution is simple, if not easy.

The second form of borrowing is necessary, but social capital provides no direct production of new wealth with which to repay the loans. We must instead count on increased productivity and efficiency in our nation resulting from improved transportation, better health, and better education to generate the means of repayment.

The third form of borrowing, which is foreign investment in our business enterprises, has caused furious argument. The fact is that we will need this money for many years to come, even if we have a trade surplus, simply because we cannot generate enough savings in Canada to develop our resources at an adequate rate.

There are three areas of vulnerability ascribed to the policy of borrowing outside capital in the form of equity. Firstly, there is the vulnerability of importing unemployment, particularly from the United States, because we buy more than we sell. There is the vulnerability of importing economic instability into Canada as a result of depending on an uncertain flow of capital which is largely relative to our total level of domestic productivity. Then, there is the third vulnerability of losing our proper share of ownership and control over the nation's industry and resources.

The argument that Canada imports unemployment because it buys large quantities of goods from the United States overlooks the fact that Canada's exports also go to the United States where unemployment is considered to be a problem on many occasions. The question is whether our unemployment situation is a more serious problem than theirs, and if so, why? And if not, why? We might also ask ourselves whether unemployment in general is caused by importing goods, services and capital from other nations, or is due to more fundamental factors that work upon the economy. We might also keep in mind that there is such a thing as domestic investment in our nation and that its behaviour may be more closely related to unemployment, or employment, than the importing sector.

The second vulnerability is capital inflows which are heavily concentrated in one source, the United States. It is true that a nation that depends on another for most of its capital will experience a demoralization of business activity if there are some interruptions in the movement of capital. The question to consider is why these breaks in the

capital flow have occurred. Is it possible that uncertainties in the political climate or that fears of nationalization can suddenly reduce the volume of investment in Canada? Supposing we do accept the suggestion that Canada borrow more from Europe in the future. Would this alleviate the second vulnerability, namely the uncertainty of not having money when we need it, or the internal dislocations that interruptions bring?

The third vulnerability, that of inadequate control over our economy, is probably the most frequently discussed point with in regard to United States investment. Several factors need to be considered. One is the belief that a larger representation of Canadians on boards of management would better safeguard Canada's public interest. The question that follows from this is whether Canadian or U.S. executives are actually any different from each other in accepting responsibility in relation to their nation's needs. Another thing to consider is this. What is the character of United States business operations in Canada. Just how does United States business consider this market? Does United States business really want to indulge in foreign investment, per se, or is this only an instrument by which it can reach other goals, such as having a dependable source of raw materials, guaranteed markets and so on?

• (9:10 p.m.)

The final point I wish to make is that we import inefficient subsidiary plants which operate in certain lines of manufacturing, not because we have to acquire foreign capital to offset our trade deficits, but because our entire tariff structure tends to create an environment that will attract such firms. As one economist pointed out the reason these industries do not operate to the best advantage of Canada is not because Canadians do not hold a large enough share in their capital or because there are not enough Canadian executives on their boards of management, but because Canadian tariffs protect inefficiency.

Economically there is no argument against having foreign investment in Canadian industries when foreign owned companies are absolutely subject in their behaviour to Canadian law. From the psychological viewpoint there have been profound objections and politicians, being more concerned with psychology than with economics, have put forward their case which has appeared on occasion to prevail over sound economics.

Probably the greatest value of the Watkins Report is that it has analyzed the foreign ownership situation in Canada dispassionately, removing discussion of the subject from an area that is highly charged and emotional to an area in which we can approach it with sheer logic. There is a good deal in this report that commends itself to many Canadians.

The fact remains that the right kind of foreign money is desperately needed in Canada for the right purposes. It forms part of our social capital, goes toward equity investment as well as towards the development of our resource and industrial capacity. As I said in my budget speech last fall, and I think I can repeat this again with the full confidence of knowing that nothing has changed, so long as Canadians find it desirable to develop resources and productive capacity at a rate faster than Canada's own savings permit—and this has been the situation and is likely to be the situation for the foreseeable future—Canada must maintain fiscal policies calculated to attract foreign investment. If we are to reduce the need for foreign capital in the foreseeable future while still providing a standard of living acceptable to Canadians, we must maintain fiscal policies calculated to encourage the formation of investment capital within Canada.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I had not expected to be called on to take part in this debate since I was low man on the totem pole, in the list of speakers. If you think my remarks sound ill-prepared you will be quite correct. May I first say that it is not only the members of this group who are happy to see allotted days. Our new procedure enables the backbenchers of the house, especially those on the Liberal side, to take part in debates. Many of them deserve the opportunity to take part in this debate since they have spent many weeks keeping silent, and their patience needs to be rewarded.

However, I am disappointed in the dissertations I have heard from them. There have been some speeches about motherhood but not too much said about Canadian independence and sovereignty, let alone Canada's survival as an independent nation. I agree with my colleague for Timiskaming (Mr. Peters) who said earlier this evening that it is not good enough for the government to hide behind the perennial excuse that constitutional considerations prohibit the government of Canada from acting on housing, or giving leadership in making us economically independent. In my opinion, sir, unless Canada regains its economic independence and sovereignty we will not survive as an

independent nation, and a constitution therefore will be of little use. The perennial excuse that our system of government, which splits responsibility between the provinces and the federal authority, stops any action being taken by our national government is nothing but nonsense. Political control inevitably follows economic and cultural control, and if anyone thinks that is not so then I say he is suffering from a delusion.

Before putting on record how I and my party feel about this matter, I wish to reply to certain comments the Minister of Finance (Mr. Benson) made earlier today. The hon. member for Skeena (Mr. Howard) replied briefly to the minister. I am talking about the matter of political party financing. I endorse the remarks of my colleague for Skeena and invite federal members of parliament on the Liberal side of the house as well as in other opposition parties to follow the example of the New Democratic Party and publish every year full and complete financial statements. I also invite hon. members of this house to inspect my party's books as they relate to my constituency. Of course, I should appreciate the opportunity of doing this sort of thing with respect to the books of other parties.

An hon. Member: The act says nothing about that.

Mr. Benjamin: I had the experience several years ago of going on a hunting trip with the vice-president of a United States insurance company. I was his guide more or less because he did not know where to go hunting in Saskatchewan. We had an enjoyable three days together and during the course of our association we discussed subjects like Canadian independence, the amount of foreign capital invested in our industry and the Canadian economy. He said to me, "You know, I handle tens of millions of dollars each year of investment capital for our insurance company, and most of it goes to Canada. We have two primary considerations when considering where our investment money shall go. One is, will the investment pay a reasonable return; and the second is, is the investment secure". By that he meant that he invested in this country because we do not have revolutions every other weekend, as they have in banana republics, and we would not nationalize industries without paying the owners compensation. He said to me that once these two conditions are satisfied, it does not much matter to his company what the investment money goes into. Then he said, "I am getting sick and tired of hearing Canadians, including you, complain about United States foreign investment." He said, and I agreed with him, that the problem was that we Canadians still have not made up our minds what it is we want to do, how we want to do it or when and where it is to be done. That being so, we need not criticize our friends to the south.

The hon. member for York South (Mr. Lewis) who opened this debate emphasized that we are not anti-American. We look on the United States not only as a neighbour, but as a friend. We like the people of that country. But, Mr. Speaker, the fact I also like my relations does not mean I want them to move into my house and force me to live in the garage. I think our neighbours to the south will respect us more and will be more neighbourly to us if we, as an hon. gentleman on the other side of the house said a while ago, "do our own thing".

It has been said that the N.D.P. is opposed to foreign investment. This is nonsense. Then the Minister of Finance made a remark to the effect the New Democratic Party government in Saskatchewan encouraged the entry of hundreds of millions of dollars of foreign capital. That is perfectly correct, Mr. Speaker. I wish to point out some essential differences between our idea of foreign investment and that carried on by the traditionalists and the old line parties. There is a great deal of difference between those two, the traditionalists and the parties. The Saskatchewan Power Corporation, through the encouragement of the Saskatchewan C.C.F. government, brought in over $600 million of foreign capital for the growth, production and distribution of electricity in that province. In a similar period of time private power corporations in Alberta and other parts of Canada did the same. All of that money needs to be repaid. The essential difference is that when it is repaid, the people of Saskatchewan will own the Saskatchewan Power Corporation. The same cannot be said of private power plants in other provinces.

• (9:20 p.m.)

The point I am trying to make is that it is not necessary to discourage foreign investment. However, it is necessary to lay the ground rules as to the type of foreign investment which we want. The New Democratic Party has never opposed foreign capital entering this country, provided it is on our terms and not those of the investor. There is a myth that if free enterprise is healthy, it

automatically follows the nation is healthy. One need only look at the ups and downs of Canada's economy to see what has been done to the Canadian people while free enterprise remained healthy.

I agree with the remarks made earlier today by my colleague, the hon. member for York South (Mr. Lewis) when speaking about nationalism. I do not mean the old fashioned, high tariff, isolationist brand of nationalism. What we need is a brand of nationalism which allows our nation to be developed to the fullest and yet remain masters in their own house. Democratic socialists have a long history of internationalism in the world, both in peacetime and wartime. In many countries there is a parochial nationalism which stifles understanding and co-operation between nations; this kind we oppose.

It may seem strange for internationalists to talk about Canadian nationalism. But we believe that only when Canada is fully independent and sovereign will it be a better internationalist. The problems which face our people and our country are the results of over 100 years of old line party governments. To deal with these problems effectively and democratically requires a fundamental change in the direction and purpose of our society.

We in this party keep raising these and similar matters in the hope that by some strange metamorphosis one of the old parties will change and do things differently. The greatest confession ever made in the history of mankind has been that made by the so-called free enterprise systems when, in the early 1950's there was the realization that there were millions of poverty stricken people within those systems. In the era prior to that we had been told this was the only kind of system in which people should live. A society that permits one-third of its citizens to live in poverty or near poverty in the midst of great wealth, is basically immoral. A society that perpetuates the waste and selling out of our resources, denies opportunity and fulfilment to millions of people, leads to its own destruction. A society whose purpose is to put profits ahead of the health and welfare of its people betrays what is best in all of us.

A country with a system which permits ever increasing amounts of its industry, resources and culture to be owned by outside interests is on its way to extinction as an independent political entity. It is illusionary to ask a foreign owned corporation to make decisions which will be in the best interests of Canada. This is not only illusionary, but unfair. They will make decisions in the best interests of their companies and shareholders. That is what takes priority in their decision making.

There are numerous examples in Canada of decision making by these foreign owned companies that harmed Canada. These decisions were made in the best interests of the corporations, shareholders and investors. A good illustration of this is the flour mills. A decision is made in a board room in Chicago to close a flour mill in a small city in Saskatchewan without the slightest consideration for or consultation with the citizens of that city, the provincial or federal governments. This decision was made only because this particular corporation has some surplus capacity and this particular plant, along with a number of others in the United States, were fast becoming worn out, needing to be replaced or scrapped. It is perfectly natural for that milling corporation to close down plants outside its borders. I suppose if we were put in the same position, we would make the same decision. This corporation would only be asking for trouble if it closed plants in its own country before closing those of a similar nature outside its borders. They made a decision which, in their opinion, was perfectly justified. But the Canadian government sat, said and did nothing. Those same flour milling corporations obeyed the laws of the United States, not Canada, when they refused to accept orders to mill Canadian wheat into flour which would be sold to Cuba. This is a good example of a betrayal of citizenship.

Plants of the canning industry in Canada which were taken over by foreign companies have now been shut down. These companies can these products outside our borders, label them with the manufacturer's name and send them to Canada. This means a loss of jobs in canneries for Canadians. I do not condemn the United States corporate decision makers, but the spineless Canadian governments who sit and hide behind constitutions, worry about languages rather than activities such as these.

All hon. members in this house know of a number of examples with regard to auto manufacturers and the decisions which they make outside of our boundaries. These decisions have harmful effects on our people, yet our government stays silent and does nothing. We in this party intend to raise this matter ad nauseum, according to some. We are not going to remain silent. We can be good neighbours with our friends to the south, but we must be masters in our own house if we are going to avoid becoming a 51st state. I know that members of other parties have

sometimes become a little annoyed with members of my party because we hold up the activities of other countries as examples of what this country could do. I know some hon. members are expecting me to say something about Sweden.

• (9:30 p.m.)

Some hon. Members: Oh, oh.

Mr. Benjamin: And I just happen to have voluminous material here that I could quote until past ten o'clock but you, Mr. Speaker, would make me quit before then. Here is a nation of similar climate—

Mr. Basford: Let us hear about Britain.

Mr. Benjamin: In my opinion the present British government is being stupid in trying to implement social democracy by using capitalistic techniques. They are born losers, and I will make a prediction that they will lose because they are forgetting good socialist ideas.

Sweden in 1916, not under a Social Democrat government but under a Conservative government, whatever that means in Swedish terms—it is hard to tell what it means in Canadian terms because we have two Conservative parties of long tradition in this country—limited the right of foreigners to acquire shares in Swedish companies. Many of the most important Swedish companies through their articles of incorporation have limited the right of non-Swedish nationals to acquire shares on the basis of the 1916 law. In some cases when foreigners acquire shares in a Swedish company they are allowed inferior voting rights. That showed some imagination by that country as far back as 1916. It showed concern for its survival as an independent sovereign nation.

We could not buy back all the foreign investment that presently exists in Canada. It would be a waste of our capital resources to try to do that, but we can start reversing the trend so that Canadians will have more of a share in making decisions that affect Canadians. No doubt in the process, whichever party forms the government, we will make some mistakes, and some of those mistakes will be dandies. But there will be something refreshing about them. For a change they will be our own mistakes, not mistakes imposed upon us from outside our borders. That in itself will do something for our nationhood. Let us hope that this so-called new Liberal government will listen to some of the people who are new to the Liberal party and who do not say as much in this house as I think they would like to say. Let us hope that this government, after much prodding, will begin to institute measures to reverse the situation that exists at the present.

Mr. Judd Buchanan (London West): Mr. Speaker, Canada enjoys a none too happy distinction amongst the industrialized nations of the world. This distinction is a much greater control by foreign capital of our industries than any other industrialized state. We are all happy to take advantage of the development and employment which this investment creates, but we are very concerned about the long-run implications of such a high degree of foreign control for our political, cultural and social independence. Such significant foreign control gives rise to doubts as to how effectively the Canadian government can control the level of economic growth, employment and prices.

At what point do we reach the position where absentee ownership of our industries and resources has political consequences, diminishing the control we can exercise over our destiny as an independent nation? There are certain areas where the government has taken vigorous action to ensure that control remains in Canadian hands. The government has made certain that federally incorporated financial institutions and the media of mass communications are completely Canadian. The reasons for this are obvious: the communications media are so pervasive and have such a tremendous power to influence our society, and the financial institutions play such a dominant role in our economy. However, with these exceptions Canada has probably the most wide open and untrammelled policy on foreign investment of any major industrialized nation.

Unfortunately, the pace of foreign acquisition of Canadian industry is accelerating rather than diminishing. This month we have seen the loss of control of Salada Foods Limited of Toronto to the Kellogg Company of Battlecreek, Michigan, and at present Merrill, Lynch, Pierce, Fenner and Smith, the largest brokerage house in the United States is acquiring control of the Royal Securities Corporation of Montreal. Although it is not retroactive and will not affect the Royal Securities Corporation takeover, I was happy to see the proposed new ruling of the Toronto Stock Exchange which will require members to have a minimum limit of 55 per cent Canadian ownership.

Foreign Control of Canadian Industries

In effect this will likely bar future acquisitions by foreign companies of any firm which is a member of the Toronto Stock Exchange. The reason for this is that any firm large enough to be in a position to acquire a Canadian firm would likely be a member of the New York Stock Exchange, and on its side the New York Stock Exchange has a ruling that all members must own 100 per cent of any subsidiary. This would mean that the American company proposing to take over the Canadian brokerage firm would have to relinquish its membership in the New York Stock Exchange to take a minority position in the Canadian firm. This is not likely to happen.

To what extent is Canadian industry controlled by foreigners? The foreign control of corporations located in Canada is concentrated in manufacturing, petroleum and natural gas, and mining and smelting. Foreign control of Canadian manufacturing industries has increased from 35 per cent in 1926 to 60 per cent in 1963. In mining and smelting foreign control has increased from 38 per cent to 59 per cent during the same period. Our petroleum and natural gas industry is 74 per cent foreign controlled. There are some areas of the manufacturing sector where the foreign control is extremely high. For example, foreigners control 97 per cent of the automobile, automobile parts and rubber industries. Foreign ownership controls 78 per cent of the chemical and electric apparatus industries. Foreign investment in Canada at present totals approximately $40 billion.

We have not been nearly as fortunate as our American friends to the south. The development of their industrial base, which was capitalized to a very large degree by European money, was done on a debt basis rather than equity financing. Canada's foreign capitalization is primarily of the equity type. The result in the United States was that the bulk of the debt was retired leaving American nationals owning the industry, and those parts of their industrial capacity which were still foreign owned were to a very large degree bought back during the First and Second World Wars when the European nations were destitute. As I said earlier, unfortunately we are not in such an enviable position.

Two of our major goals must be national independence and a rising standard of living. The question is whether these two goals are irreconcilable. I do not believe that they are. It is therefore imperative that the government develop policies to achieve the optimum of both national independence and an increasing standard of living. This will require precise and definite policy, and not vague and generalized exhortation. Unfortunately, this problem is more complicated in a federal state like Canada, as the Prime Minister (Mr. Trudeau) pointed out the other day when referring to the Royal Securities situation, that it is primarily unitary states like Japan, France or Great Britain.

• (9:40 p.m.)

However, I believe that there is still room for manoeuvre open to the federal government. First, I believe that we should be using our tax system as effectively as possible to maximize benefits for Canadians from foreign direct investment. I also believe that we should grant special tax arrangements to encourage greater Canadian ownership of Canadian firms. I am optimistic that the Minister of Finance (Mr. Benson) will be announcing steps in this area next Tuesday. Second, I believe that we should give birth to our long awaited Canada Development Corporation. Its size and semi-public nature would permit it to make a significant contribution in putting together syndicates of investors, domestic and foreign, and thereby enable it to carry out large projects beyond the capacity of any single institution and yet still maintain a Canadian presence. It should be permitted and encouraged to be active in all segments of our economy. I was very sorry to see that it will likely not get before the house before the end of this session.

I am certain that the Canadian public, after watching our performance here in this chamber over the last few months, will be far more receptive to the idea of some rule such as 16A which would permit the government to program legislation so that we could avoid this situation in which legislation which is vital and important for our country is being so unconscionably delayed. I feel that we on this side were very lax in the rules debate last December when we did not get the message across to the Canadian people that, far from choking off debate, the new rules provide 25 opposition days each session, such as today, when the government can be attacked on any subject of the opposition's choosing.

Finally, I think that the government should take steps to ensure a degree of Canadian participation in foreign owned firms and also a Canadian presence at the decision-making level in the board room. Countries such as Mexico and Japan seem to have been able to

do this without seriously impairing their ability to attract outside capital.

I would like to digress for a moment and indicate that I feel that the great conservativism of our Canadian banks and insurance companies and their reluctance to become involved in equity situations has played a significant role in permitting control of Canadian industry to move into foreign hands. This is one reason I was happy with the changes which the Minister of Finance made regarding life insurance companies. I believe that the new tax regulations pertaining to life insurance companies will do a great deal to pull them out of the traditional ultra-conservative habits and move them into a more dynamic role in the Canadian economy.

I was very happy to see the legislation recently introduced by the Minister of Consumer and Corporate Affairs (Mr. Basford) which requires much greater disclosure from private companies with assets in excess of $3 million, as well as a much more detailed breakdown of financial detail on conglomerates. One of the problems pertaining to foreign ownership has been the lack of information about wholly owned subsidiaries. This proposed legislation which applies to Canadian and foreign owned companies will do a great deal to remedy that problem.

In conclusion, I do not believe that the twin objectives of a rising standard of living and maximization of Canadian sovereignty are irreconcilable. However, I do believe that it will require strong, vigorous and determined action by the government to achieve these objectives and I am optimistic that the legislation which will be introduced into this house over the next few months will do a great deal to assist us in moving toward these goals.

[*Translation*]

Mr. Henry Latulippe (Compton): Mr. Speaker, I am pleased to take part in the debate on the motion introduced by the New Democratic party because it is of immediate concern to us. We have to consider this motion in order to know where we are going, with whom we are dealing and to know also what is exactly our economic position. The motion under consideration reads as follows:

> That this house condemns the failure of the government to provide policies to prevent further takeovers of Canadian resources, industry and financial institutions by foreign corporations, thus increasing the danger of a foreign domination of Canada's economy and culture to the point where Canada's political independence is threatened.

We shall never achieve political independence as long as we do not have economic independence. We must be economically independent if we want to become politically independent. We shall achieve economic and political independence only through massive investments. At the present time, we let foreigners invest in Canada giving our own wealth as security while we could invest ourselves and use those same guarantees which we give to foreigners. We will achieve economic independence mainly if we use American, European and Japanese technology. The technology available to us can be used to achieve our goals, to become owners of our institutions, of our industry, of our trade.

At the present time, our trade falls into foreign hands. Everyday we learn about rather important businesses being sold to Americans. Why?—Is it because Canadians do not have what is necessary to operate those industries? It is rather because they are discouraged by taxes and they do not find the necessary capital to invest in those industries. Capital is needed to modernize them and add to them. New techniques as well as capital are also needed to organize all that and it cannot be found.

There are two kinds of capital, public capital and private capital. At the present time, the latter is being invested in the public sector. That is one of the reasons why there is no capital left for private industry.

At the present time, the federal, provincial and municipal governments and the school boards vie with one another in selling débentures and Canadians invest in public affairs, while they should invest in social and private affairs.

Mr. Speaker, the present system is illogical. It will never allow private enterprise to develop, or Canadians to invest heavily enough to take over the control of their industries, their businesses and their institutions. Because of the present system, we will never be able to do it.

When there is a depression, when we need credit, under the present system at every level of government, we go and borrow money from the Americans.

That is what happened when the time came to nationalize electricity in Quebec. The Americans invested in our resources, our

properties, our goods, our guarantees. Could the Bank of Canada not have done the same thing, that is invest in the same guarantees, leaving private capital for private industry and its development? This was not done, on the contrary.

We will never achieve our economic independence unless private industry invests heavily. But to do so, it must have capital. The governments, at every level, must not get hold of it, by every possible direct and indirect means, leaving nothing for the Canadians, for investment, for the development of our natural resources.

If strangers, like the Americans for instance, manage to make money by investing in what guarantees we have, why could we not do the same? Is it not possible for the Bank of Canada to invest in all public concerns without interest and to devote the capital to the development of our industries and of our natural resources? It is the contrary that is done: we seek foreign capital which is indeed created from nothing, as it could be done by the Bank of Canada.

So, if we are capable of giving those guarantees to foreigners, would they not be good for our own institutions? It is argued that those guarantees are not good for our institutions, while they are good for foreign institutions.

• (9:50 p.m.)

I have only a few minutes at my disposal to say that we all know that the Americans own more than 80 per cent of our natural resources and of our businesses in Canada. The same situation prevails in many countries because the Americans have learned to build what they needed, as the institutions develop and as the countries, the provinces and the municipalities build themselves. The Americans do not fear to create money and to put it at the disposal of these agencies, and at the same time they get all the benefits out of it.

But the citizens who use these means remain "water-carriers", citizens under foreign institutions under the rule of foreign capital, whereas they could create their own capital by using the same means.

This is, Mr. Speaker, the best example we could use. Further, as I was saying, we could use technology, technique and development in all kinds of fields. All that is available to us, and we could certainly use it. This is what is called foreign capital.

[Mr. Latulippe.]

Foreign capital, Mr. Speaker, is skilled labour, technique and technology. Other countries, on which we depend, provide us with what is called foreign capital, which we can use as it is available to us.

I quote from an article published in the magazine *Les Affaires*, of Monday, March 17, 1969:

Today, everybody reads statistics, because there are statistics galore. Most businessmen are probably able to interpret these statistics quite sensibly. But it seems obvious that too often they stop to look at a fact without reaching the obvious conclusions and above all without taking sensible and logical steps.

I quote from "The American Challenge", of which much more will be heard, the following figures. In 1961, the industrial corporations making over $500 million business a year were distributed as follows:

United States	97
European Common Market	27
All other countries	22

Five years later, in 1966, the figures were as follows:

United States	134
European Common Market	41
All other countries	49

We must add, for it is just as important, that the gap between the United States and the rest of the world with regard to medium corporations (those whose turnover varies between $150 and $300 million) is even greater still. It is therefore easy to conclude that, beside the monolithic American giant, the world comprises a myriad of small businesses, so minuscule at the level of international industry and trade that they have no chance of playing any role whatever.

Of course, there is the philosophical aspect of the question. And it is fairly easy, faced with our own weaknesses, to vituperate against the imperialism of the Americans, against their economic colonialism. Which still solves nothing. We must finally point out that in most cases, our horror of economic imperialism is only due to the fact that we do not have the means ourselves to practise it at our advantage. Therefore, we have to know what we want.

If it is, and that is only human and quite sensible, improving our standard of living in the broadest sense of the term, measures dictated by the facts will willy-nilly have to be taken.

Mr. Speaker: Order.

[*English*]

Mr. Speaker: Order, please. It being ten o'clock it is my duty to inform the house that, pursuant to section 11 of Standing Order 58, the proceedings under this motion are deemed to have expired. Therefore, the question before the house is that this house do now adjourn.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under Standing Order 40 deemed to have been moved.

SHIPBUILDING—FAILURE OF GOVERNMENT TO PARTICIPATE IN INVESTIGATING COMMITTEE

Mr. H. Russell MacEwan (Central Nova): Mr. Speaker, the matter which I wish to put forward this evening in the short time available on the adjournment motion stems from a question which I asked on May 22. It was answered by the hon. Minister of Industry, Trade and Commerce (Mr. Pepin) on May 23 and relates to the matter of shipbuilding in this country.

This matter goes back to last fall, I think in November, when the present Minister of Transport (Mr. Jamieson), then the Minister of Supply and Services, was asked a question by me regarding the matter of shipbuilding policy in this country. At that time the minister said a committee would be set up, or had been set up, consisting of himself and the then Minister of Transport, to look into this matter. If my memory serves me right, in January of this year representatives of the shipbuilding industry of Canada met with the then Minister of Transport, the present Minister of Transport and the Minister of Trade and Commerce. It was then agreed to set up a committee to look into the matter of shipbuilding in this country in view of heavy unemployment.

The situation continued and we all thought, including the shipbuilding association and shipbuilders in this country, that the committee had actually been set up. On March 27 I again asked the minister a question in this regard. The Minister of Trade and Commerce advised me on March 27, as recorded at page 7196 of *Hansard* for that date, as follows:

> Mr. Speaker, after a visit by a group from the industry we were supposed to get a committee going. Two attempts were made to bring the other side along with us in forming this committee. This has been done now.

I thought, as the shipbuilding industry thought, that the committee was set up and working. Following that, on May 22, I asked the minister whether these facts were correct; that the government had decided not to be a member of this shipbuilding committee. The minister stated that was correct after telling me on March 27 that the committee had been actually set up. I point this out because either the minister did not know anything about this when he answered my question or he did not put the facts before the house.

The reason I bring this subject forward is that there has been evidence in the last two days of the proposed closing of a yard in Montreal and a lack of work in steel shipyards in this country. I am calling upon the government to proceed with a policy for shipbuilders and for a national marine policy in this country. I am aware of the fact that the Minister of Transport advised the house the other day that the Canadian Transport Commission was looking into the matter of merchant marine policy.

• (10:00 p.m.)

The hon. member for Saint John-Lancaster (Mr. Bell) asked the minister about this. I trust that the terms of reference of the Canadian Transportation Commission's review will include looking into the decline of work in the shipyards. Suggestions have been made from this side of the house for the last several months about steps that could be taken to put our shipyards in the picture and provide them with assistance in the same way that other countries give assistance to their shipyards and shipowners, things like long term financing, depreciation allowances and investment allowances.

I trust that the government will give these suggestions full consideration. I think the government has adopted a lackadaisical approach to marine matters in this country, a country which is a great exporter of grain, minerals, lumber, and so on. Most of these products are now carried in foreign vessels. We need a consistent and constructive maritime policy which extends to both builders and operators. The Minister of Industry, Trade and Commerce (Mr. Pepin) pointed out that there had to be some rationalization among the shipyards of Canada. Perhaps this is so. I think they have now been rationalized to such an extent that the government must consider what it can do for our remaining shipyards to ensure their continued existence in this maritime country of ours.

I have raised the question this evening because the government does not seem to have moved in this regard. The first chairman of the committee was the former minister of transport. The chairmanship was then taken over by the Minister of Industry, Trade and Commerce. I understand that the last word received by the Shipbuilding Association was that the government would not take part in

this committee, that the shipbuilding industry would carry out the functions of the committee and a chairman would be appointed who would be agreed upon by both sides. To my knowledge this has not been done as yet.

Therefore, I urge the minister who is in charge and should know, and if he does not he had better make himself knowledgeable in this regard, to bring forward a policy which, as I have said, will ensure the continued existence of shipbuilding in this country, which provides employment to our people, and will provide us with a merchant fleet for this maritime country of ours.

Hon. Jack Davis (Minister of Fisheries and Forestry): Mr. Speaker, I will try and answer the hon. member. I listened to his plea with considerable sympathy because I represent a riding which has a very substantial shipbuilding industry, the largest shipbuilding industry on the west coast. One of the main problems the Canadian shipbuilding industry has faced has been the declining requirement of the federal government. I think the public of Canada by and large has demanded a reduction in our defence effort. This has tended to fall rather heavily on the shoulders of the shipbuilding industry of this country. There has been less federal government work forthcoming from the Department of National Defence.

We are in a period of budget stringency; therefore, some of our other requirements have had to be cut back. But I want to assure the hon. member that the government and the Minister of Transport (Mr. Jamieson) are very concerned about this matter. I recall that the former minister of transport commissioned a comprehensive study not only into the shipbuilding industry but into the much larger question as to whether we should have a Canadian merchant marine. This study will be forthcoming shortly. I am sure the new Minister of Transport will be looking to it for advice and will be discussing this question with hon. members in all corners of the house.

Basically, the policy now is to buy ships from the lowest cost yards; the lowest tender will get the work. There has been a program of regional allocation which is now in process of material, are being hit harder than yards with higher wage rates and often higher costs of material, are being hit harder than yards on the east coast. Having said this, I must again express my own concern; I certainly take to heart many of the comments made by the hon. member.

[Mr. MacEwan.]

WATER RESOURCES—POLLUTION—REQUEST FOR CONTROL AT HAMILTON BAY

Mr. Colin D. Gibson (Hamilton-Wentworth): Mr. Speaker, I am glad the minister is here tonight. The situation which exists at Hamilton Harbour with respect to pollution is extremely serious. The bay area, once a magnificent natural resource, is now a stinking, rotten quagmire of filth and poisonous waste.

For many years the situation has gone from bad to worse. Now, we are faced with a large body of polluted water which constitutes a real and dangerous health hazard. Mr. Speaker, I urge the government to carry out the following proposals: 1. Set up immediately a plan whereby the bay is cleaned up; 2. Do this in co-operation with the Province of Ontario and the City of Hamilton; 3. Provide tax incentives to industry as a spur to fast action in this matter; 4. Make pollution of natural resources a crime and give the courts power to close down industries which continue to cause pollution by way of injunction; 5. Take the initiative in creating a national pollution control board as an agency of government to deal with water pollution and air pollution at all levels of government; 6. Set up pollution standards and guidelines so that one agency controls this important area of government responsibility.

It is a fact that lack of co-ordination in this field between federal, provincial and municipal governments will result in all three levels of government neglecting this immensely important threat to our resources and health control. If this country blinds itself to the pressing need of pollution control, we shall end up with a large nation linked by poisonous water, sea, lake and rivers alike, from coast to coast. We shall be ruined by poor planning and neglect. Let us turn our attention to repairing the damage in this infested area now.

Hon. Otto E. Lang (Minister without Portfolio): I appreciate very much the statement made by the hon. member on the serious situation at Hamilton Bay. The government is of course extremely conscious of the concern being expressed across this country about pollution in a general way, and about this specific example. The government shares the concern of those who call attention to the importance of keeping our water clean and available for many alternative uses.

There are, of course, certain specific legislative powers in existence already. There are powers under the Fisheries Act, under the Shipping Act and so on which can be used to

correct specific types of pollution or occasions of pollution. There are also powers available under provincial laws. We are conscious that more than this may be necessary and of course this is what we are considering in connection with the preparation of a Canada water act.

What will be required is a major co-operative effort along the lines suggested by the hon. member, between the governmental authorities involved, industry, and, indeed, everyone else who makes use of water. There must be a united effort to do something positive with regard to a very serious situation.

• (10:10 p.m.)

REGIONAL DEVELOPMENT—NEWFOUNDLAND—REQUEST FOR PROGRAM OF ASSISTANCE

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I asked to appear on the proverbial late show in order to try and get the Minister of Regional Economic Expansion (Mr. Marchand) to clarify for me, and more importantly for all of Newfoundland, the reason for the conflicting statements which have recently been made with regard to the program of development for that eastern Canadian province.

Last fall—I do not have the exact date with me—the minister made a statement that there would be a development program for the west coast. A little later on he made the statement that the program FRED was dead. That point was brought up by the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall). Then we had an indication that there would be a special program for Newfoundland. A little later on we had an indication that there would be no special program. Then we had an indication that there would be a program shortly. Today the minister gave me an indication that there would not be a program perhaps by the end of this session, that parliament would rise without the announcement of a program for Newfoundland.

The reason I want the minister to respond is that I am not sure everybody is quite as aware as we in Newfoundland of the financial crisis that is facing us. The fact is—and this has been announced recently—that out of a total revenue of $209 million a year for the province, $44 million was expended on interest on long term loans. In other words, roughly 20 per cent of the total revenue was thus expended, and I suggest this could be easily classified as an indication of a state of poverty.

I am worried. I do not want to be a Canadian from the east coast who comes from an area that will have to be taken over as a protectorate, or one who comes from an area governed by a commissioner from Ottawa. Yet this is the direction in which we are moving. At the moment our unemployment insurance level, according to figures produced by the Dominion Bureau of Statistics, is 12.9 per cent. This means that in most areas of Newfoundland outside of the so-called urban areas, the percentage of unemployed is approaching 25 to 30 per cent.

A most serious economic state of affairs is facing Newfoundland and has been ever since I was born in 1939. We have been listening to some commendable statements emanating from the Minister of Regional Economic Expansion about a long term plan of development, and this is absolutely necessary. I take no issue with this; it is completely essential that good guidelines be laid down, with sound philosophy, objectives and aims, so that it will eventually grow into a long term program.

However, unless this year, 1969, the government is willing to introduce a crash program which will eventually fit into a long term program, there is no hope for the province of Newfoundland; and perhaps this will satisfy certain people. I am thinking of a long term program with provision for interim measures which can be taken now to speed development.

I take issue on two bases with waiting around for a long term program. Firstly, I think a national policy of endeavouring to curtail inflationary trends should not apply to the slow growth areas where unemployment would be affected to a great extent by the application of such policy. The construction industry of Newfoundland, one of our lifelines, is at a standstill completely. In the area of public works we do not need a pork barrel approach, but we cannot just cut off money for public works projects. Every person who becomes unemployed in the small post offices of Newfoundland today means another Newfoundlander is added to the unemployment roll. All kinds of little programs have been curtailed, such as the subsidies paid to a certain steamship company in Newfoundland, a subject into which I could go in great detail.

I suggest that we should, on a short term basis, immediately take action on such projects as the Bonne Bay national park, which will be able to amortize itself. We should have a fisheries development program, and a

great deal more effort should be put into generally upgrading the transportation system of Newfoundland. I want to see the development of Gander airport which would be a great economic blessing to the east coast. I could talk about all kinds of subject matters having to do with forestry resources, the development of small lumbering industries and so on. I could go into great detail but I will not, being deeply disappointed after having come here this evening only to find the Minister of Regional Economic Expansion absent. The Minister is not present, neither is his parliamentary assistant, and I am bitterly disappointed. This is the second time I have come to the late show only to have the minister not show up.

I will not, therefore, raise the points I wished to raise but will wait for the minister to show up for the late show, even if I have to wait until Christmas. The subject is too important. I see that the Minister of Fisheries and Forestry, (Mr. Davis), who is a great gentleman, is here to answer on behalf of that other minister. But I am a Newfoundlander and will not be fobbed off in this way. If my province is to have any future the government must introduce immediate crash programs which will develop into long term programs. I will wait for the Minister of Regional Economic Expansion to show up and will make no further remarks at this time except to serve notice that I will raise this matter again, on some other occasion, at 10 o'clock.

Hon. Jack Davis (Minister of Fisheries and Forestry): Mr. Speaker, may I on behalf of the Minister of Regional Economic Expansion (Mr. Marchand) offer apologies to the hon. member. The minister could not be here tonight. As the hon. member knows, the minister will be bringing his legislation concerning establishment of programs, particularly for eastern Canada, before the house in a few days and I am sure that we shall hear at length from the hon. member during the ensuing debate. I well remember the hon. member describing some of our earlier efforts with respect to fisheries as "band-aid treatments". At that time he was after long-term solutions—

Mr. Lundrigan: On a point of order, Mr. Speaker. That was the present Minister of Transport (Mr. Jamieson).

Mr. Davis: When we have—

Mr. Lundrigan: On a point of order, Mr. Speaker.

Mr. Speaker: Order please. I wish to remind the hon. member that during the adjournment debate seven minutes are allowed for the hon. member who asks the question and three minutes for the minister who replies. If that time were to be taken up with points of order and questions of privilege I think we should quickly see the end of this procedure.

Mr. Lundrigan: Mr. Speaker, can I not raise a point of order?

Mr. Speaker: Order, please. An hon. member can raise a point of order at any time while the house is sitting. But it has been the practice in the house since we have embarked on this adjournment debate for other hon. members not to interrupt hon. members speaking but to allow them their full allotted time. It has been customary for hon. members of the opposition not to interrupt the minister, whose time has practically ended. We have taken up much of the three minutes allowed to the minister with this discussion. In fact, I must say now that the minister's time has expired. This house, therefore, stands adjourned until eleven o'clock tomorrow morning.

Motion agreed to and the house adjourned at 10.20 p.m.

HOUSE OF COMMONS

Friday, May 30, 1969

The house met at 11 a.m.

PRIVILEGE

MR. LUNDRIGAN—FAILURE OF MINISTERS TO RESPOND IN ADJOURNMENT DEBATE—MOTION TO REFER TO STANDING COMMITTEE

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I rise on a question of privilege. The matter I am about to raise involves the privileges of all hon. members of this house. For several months the members of my party have been directing questions to the Minister of Regional Economic Expansion (Mr. Marchand) about development programs to be introduced for Newfoundland. To those questions we have had inconsistent and conflicting replies. I therefore gave notice that I would raise a certain matter on the late show, hoping to inform the minister of the crisis facing Newfoundland and of the serious unemployment situation which has reached emergency proportions. I wanted to suggest short term programs which might help the province.

On coming here last night I found the minister absent. In fact, just before ten o'clock I was advised by the parliamentary secretary to the President of the Privy Council (Mr. Forest) that the minister would not be present in the house, being somewhere else. Neither was the first nor the second acting minister, if one may use that term, present in the house. I therefore feel that there has been a breach of privilege.

As Your Honour has so often said, the value of the late show is that it enables hon. members with grievances or questions to bring forward their subject matters at the time of adjournment. A responsible member of the government will listen to those grievances or questions, and reply. Of course, since we have a roster system under which not all ministers are present in the house at one time, it is very difficult for hon. members to address their questions to appropriate ministers during the question period. In addition, since the question period is somewhat restricted it is often difficult for hon. members to ask their questions. As I say, if we do not receive satisfactory answers during the question period hon. members may again bring forward their subject matters at the time of adjournment.

Having checked the record, Mr. Speaker, I contend that our late show procedure is unsatisfactory. Since there seems to be poor rapport between hon. members of this house and members of the cabinet so far as the late show is concerned, making it impossible for important matters to be discussed adequately and responsibly on the late show, and since the privileges of all members of the house are being curtailed by the ways in which our rules are being dishonoured by some, I move, seconded by the hon. member for St. John's East (Mr. McGrath)—

—that the Committee on Procedure and Organization inquire into the operation of the rules relating to Standing Order 26, Standing Order 39(5), Standing Order 39(6), and Standing Order 40, and the roster system of ministerial attendance in the house; recommend revision of these standing orders and practices for the greater flow of administrative information to this house; and report back to this house by Friday, June 20.

Mr. Speaker: I thank the hon. member for informing the Chair prior to raising his question of privilege of his intention to do so. Notice was given according to the Standing Order. I have therefore had the opportunity to give some thought to the problem now being alluded to by the hon. member. As the hon. member knows, the chair must decide at this moment whether there is a prima facie case of privilege. The motion the hon. member has in mind suggests that certain questions related to the rules should be submitted for consideration to the Committee on Procedure and Organization. I must remind the hon. member that this committee is in operation now and has very wide powers, including those powers the hon. member is now suggesting under his proposed motion.

• (11:10 a.m.)

I would think in the circumstances there would not be much point in passing the motion or the house debating the possibility or referring this matter to a committee that is already empowered to look into the situation raised by the hon. member.

It may very well be that this committee will want to consider the grievance now

raised by the hon. member for Gander-Twillingate. I see in the house some of the leading members of that committee, and I assume they have noted the submission made to the house by the hon. member for Gander-Twillingate. I suggest the hon. member have a conversation with his own representative on this committee so that consideration might be given to the possibility of looking into this situation at an early date.

If there is anything I can do to support the proposition advanced by the hon. member for Gander-Twillingate, I will be pleased to do so. Inasmuch as this is perhaps a substantive proposition relating to a committee which is already in existence and which has power to apply the remedy suggested by the hon. member, I would not think the matter should be dealt with by a question of privilege at this time.

Mr. G. W. Baldwin (Peace River): May I, on a point of order with respect to this question, point out to Your Honour there is no mandatory obligation upon the committee to report back on any specific date. I point that out so Your Honour may take judicial notice of it. The government, the government house leader and the chairman of the committee may also take notice. A report should be presented before the end of this session which, hopefully, and most definitely should include some reference to the matter properly raised by the hon. member for Gander-Twillingate.

Hon. Donald S. Macdonald (President of the Privy Council): I wonder if I could point out on the same point of order the gravamen of the hon. member's complaint is that he was not given an answer. I wish to point out he was answered at page 9264 of *Hansard*—

Mr. Speaker: Order, please. The minister is not rising on a point of order; he is rising on a question of privilege. If the hon. minister wants the debate opened on a question of privilege, I would not be willing to agree to this. I suggest there is no question of privilege. There might be a substantive motion. There is a suggestion the matter might be considered by the Standing Committee on Procedure and Organization. The hon. member for Peace River rose on a point of order. If the hon. minister wishes to speak on the point of order, that is his privilege, but I think the minister along with his colleagues on the committee might want to give early consideration to the views expressed by the hon. member.

[Mr. Speaker.]

ROUTINE PROCEEDINGS

COMMITTEES OF THE HOUSE

Ninth report of the Standing Committee on Health, Welfare and Social Affairs, in French and in English—Mr. Isabelle.

Third report of the Standing Committee on Indian Affairs and Northern Development, in French and English—Mr. Watson.

[*Translation*]

Sixth, seventh and eighth reports of Standing Committee on Fisheries and Forestry—Mr. Crossman (Westmorland-Kent).

[*English*]

Fourth report of the Standing Committee on National Resources and Public Works, in French and in English—Mr. Hopkins.

Tenth report of the Standing Committee on Agriculture, in English and in French—Mr. Beer.

[*Translation*]

Twentieth report of Standing Committee on Finance, Trade and Economic Affairs, in French and in English—Mr. Trudel (Bourassa).

[*Editor's note: The text of the foregoing reports appears in today's Votes and Proceedings.*]

CANADIAN FLAG

[*English*]

MEASURE TO DISPLAY IN BOTH HOUSES OF PARLIAMENT

Mr. Ralph Stewart (Cochrane) moved for leave to introduce Bill No. C-204, respecting the presence of the National Flag of Canada in both houses of parliament.

Some hon. Members: Explain.

Mr. Stewart (Cochrane): Mr. Speaker, many of us get used to seeing a familiar scene without noticing that something is missing. Many have never realized that this House of Commons, the very seat of Canadian government, is devoid of the national flag of our country. If any place in Canada is worthy of being arrayed by the flag surely the Houses of Parliament are.

Those of us who have visited national assemblies in other countries could not help but notice the prominent display of national flags in their chambers. Even the provincial legislatures I have visited in Canada display

the flag. In the case of Ontario both the Canadian flag and the provincial emblem are present.

Mr. Speaker: Order, please. I have to remind the hon. member that Standing Order 68(2) provides for a brief explanation. The hon. member should not make his second reading speech at this time.

Mr. Stewart (Cochrane): Thank you, Mr. Speaker. The purpose of the bill is to display in the House of Commons and in the other place, when parliament is in session, Canada's national flag. I would respectfully suggest to Your Honour that perhaps the mood of the house would be such that unanimous consent would be given to the passage of this bill today.

Motion agreed to, bill read the first time and ordered to be printed.

DISCLOSURE OF PERSONAL INFORMATION ACT

MEASURE TO RELEASE INFORMATION OBTAINED UPON PAYMENT OF FEE

Mr. Hu Harries (Edmonton-Strathcona) moved for leave to introduce Bill No. C-205, respecting the disclosure of information to persons concerned.

Some hon. Members: Explain.

Mr. Harries: Mr. Speaker, the purpose of this bill is to ensure that a person has the right to know what information about himself is collected and made available to others for a fee. There are many instances today where information respecting credit rating and other personal matters is sold by agencies and not made available to the person about whom the information is concerned. The purpose of this bill is to make this information available to the person concerned.

Motion agreed to, bill read the first time and ordered to be printed.

ORAL QUESTION PERIOD

NATIONAL DEFENCE

NATO—STATEMENT OF CANADIAN POLICY AT BRUSSELS CONFERENCE

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I would like to ask the Prime Minister a question relating to NATO. Was the Minister of National Defence stating the policy of the government when he said that a compromise undoubtedly would be worked out between the deployment plan the minister presented in Brussels and the apparent strong objections he ran into from other NATO countries?

Right Hon. P. E. Trudeau (Prime Minister): It depends what the compromise is, Mr. Speaker. Obviously we consulted our allies, because after having stated our policy we felt there were various ways to implement it. Naturally our consultation will lead to a reconsideration by cabinet of our decision, which the hon. gentleman said was nothing anyhow, and we will then decide how much of the "nothing" we want to apply or change.

Mr. Stanfield: It is useful to get such helpful and enlightening answers from the Prime Minister.

Mr. Benson: Stupid questions.

Mr. Stanfield: Mr. Speaker, would the Prime Minister answer my question and say whether the Minister of National Defence was stating government policy when he said a compromise would undoubtedly be reached between the plan presented and the objections made to it.

Mr. Trudeau: Yes, Mr. Speaker.

Mr. Stanfield: May we assume then from the statements attributed to the Minister of National Defence and the Prime Minister that the government is now prepared to reconsider everything except the general principle the Prime Minister announced, which he said I said meant nothing, and which I said meant either nothing or a great deal? I am now asking the Prime Minister whether everything is now up for reconsideration and review, as it was before.

Mr. Trudeau: Mr. Speaker, I think the hon. gentleman said it could mean that we would withdraw 12 men or 1,200 or 12,000.

Mr. Stanfield: Twelve hundred.

Mr. Trudeau: We may move one or two men in one direction or the other and call it a compromise.

Mr. Bell (Saint John-Lancaster): Some people don't think this is funny.

Mr. G. W. Baldwin (Peace River): In reconsidering the question would the Prime Minister bear in mind the information he obviously must have obtained from the Minister of

National Defence, that Canada's allies, partners and friends obviously dislike the attempt by the Prime Minister to welch on essential international obligations?

Some hon. Members: Oh, oh.

HOUSING

VANCOUVER—CONTINUATION OF FREEZE ON URBAN RENEWAL

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I wish to direct this question to the Minister without Portfolio responsible for housing. As he knows, I personally am opposed to special privileges and discrimination. Because of the urgency of the matter may I ask the minister whether he will advise us why urban renewal projects and public housing in Vancouver have not been unfrozen, as have some in Ontario, and will he please tell us when he anticipates they will be taken out of the deep freeze in Vancouver.

Mr. Speaker: Perhaps the question should be allowed, but I think I should remind the hon. member that we are now considering the very subject to which the hon. member's question refers, and it may be that the matter might be raised later on during the day. In any event I will allow the question.

Hon. Robert K. Andras (Minister without Portfolio): Mr. Speaker, there is no attempt whatsoever to be discriminatory in dealing with either public housing projects or urban renewal projects. Certain of the public housing projects, which were delayed in an attempt to evaluate them in terms of their social and physical characteristics, have been released recently, indeed within the last few days. To my knowledge no specific project for the city of Vancouver has been held up.

With regard to the urban renewal matter, I am reviewing this as quickly as possible. I am not in a position to make any definitive statement at this time but hope to give a clear statement within a matter of weeks.

Mr. Winch: I have a supplementary question, Mr. Speaker. As the urban renewal project was recommended and passed by the authorities in Vancouver, why should it take weeks for a decision in respect of Vancouver and not of Ottawa?

Mr. Speaker: Order, please. This is debate. I would think this type of argument might be presented during the debate.

Mr. Winch: Mr. Speaker, may I ask what the minister means so far as Vancouver is concerned when he mentions a matter of weeks.

[Mr. Baldwin.]

Mr. Andras: There was no urban renewal implementation plan recently approved for the city of Ottawa, nor for any municipality in Canada as a matter of fact, since I assumed my responsibilities. I should like to have an opportunity, which I have not yet had, to review this very deep issue and bring to bear some reasoned consideration before I make a commitment. This is not a problem exclusive to Vancouver, any more than to any other urban project before us.

Mr. John Gilbert (Broadview): Mr. Speaker, I should like to ask the minister when he expects to make his statement setting forth the guidelines for public housing and urban renewal?

Mr. Andras: Mr. Speaker, I thought I was reasonably clear in my statement on second reading. When we have had consultation with the provinces and determined what guidelines and new criteria will apply to each province, and the terms of their particular needs, and have made that kind of a decision then I hope to make these specific guidelines and terms public.

SHIPBUILDING

COLLINGWOOD, ONT.—LOSS OF LIFE AT LAUNCHING

Mr. P. V. Noble (Grey-Simcoe): Mr. Speaker, I should like to direct my question to the Minister of Supply and Services who is answering for the Minister of Transport. Does the government intend to instigate an investigation into the tragic accident that took place yesterday in the Collingwood shipyards, in which there was a loss of life?

Hon. James A. Richardson (Minister of Supply and Services): Mr. Speaker, I was informed just before coming into the house that the industrial safety branch of the Ontario Department of Labour has already commenced an investigation into this unfortunate accident. Of course that is appropriate because, as the hon. member will know, the legislation covering the safety of workers in shipyards is a provincial matter.

FINANCE

EFFECT ON CANADA OF INCREASED INTEREST RATES

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, in view of the persistent reports from international monetary circles and markets during the past few days of an impending general rise in interest rates

throughout the world, can the Minister of Finance advise the house what effect this will have on Canada? Does he expect there will be an increase in interest rates in Canada in the next few days?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I do not think this is a question which I can properly answer. Any such answer that I would bring forward would be simply speculation as to what might happen in financial markets. As Minister of Finance I do not think I should speculate in this regard.

INCOME TAX

REQUEST FOR EXEMPTION ON INCOME SUPPLEMENT OF OLD AGE PENSIONERS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, is the Minister of Finance remembering his assurances that, in the preparation of his forthcoming budget, our representations asking that the guaranteed income supplement received by old age pensioners be exempt from income tax will be given consideration?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, like other hon. members, the hon. member will have to wait until next Tuesday to find out what is in the budget.

WATER RESOURCES

PLACENTIA BAY, NFLD.—COMPENSATION TO FISHERMEN FOR LOSS THROUGH POLLUTION

Mr. James A. McGrath (St. John's East): Mr. Speaker, I directed a question yesterday to the Prime Minister who indicated that the Minister of Fisheries would be answering when he was in the house. Today is the minister's turn to be in the house, but he is not here. Furthermore, in the absence of the Minister of Transport, who is supposed to be here but is not here today, and who has some interest in this matter, and in the absence of the minister who is supposed to be the Acting Minister of Fisheries, who is also supposed to be here today, I will direct my question to the Parliamentary Secretary to the Minister of Fisheries. This is my question:

Some hon. Members: Hear, hear.

Mr. McGrath: Mr. Speaker, I am very pleased to notice that the parliamentary secretary is here today. Is he prepared now to answer my question whether, in view of the very serious charges made in St. John's by the premier of Newfoundland to the effect that the federal government was responsible for the pollution of the waters of Placentia Bay, the federal government will make just compensation to the fishermen affected?

Mr. E. F. Whelan (Parliamentary Secretary to Minister of Fisheries and Forestry): Mr. Speaker, first of all I should like to say that the Minister of Fisheries who is supposed to be here today is in British Columbia checking on pollution out there. The Minister of Transport, who is in Newfoundland today, I am sure is checking on the pollution problem there.

Mr. Knowles (Winnipeg North Centre): Where are the rest of them?

Mr. Whelan: We have received the questions that were presented to the Premier of Newfoundland by some of the fishermen. The officials are processing them as fast as possible and I hope there will be a more formal answer in the house on Monday.

I would say that last Friday approval was given to the payment of fishermen's wages and on Monday these fishermen received payment, delivered by hand. We are not saying that this is being done 100 per cent accurately, but we are checking and have a man on the job in the area; we are making a personal investigation. We are all concerned about what is being done there and what the provincial premier has said about responsibility for the pollution. This matter is certainly being checked out.

Mr. Jack Marshall (Humber-St. George's-St. Barbe): A supplementary question to the Prime Minister, Mr. Speaker. In view of the fact that there appears to be no consideration given by any department to the province of Newfoundland, is the Prime Minister taking the comment literally, as announced this morning in Cecil Davis' book, that Newfoundland might as well be on another planet?

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a supplementary question for the Prime Minister. Has he any comment to make about the very uncomplimentary remarks made by his friend, colleague and former supporter, the premier of Newfoundland, about the Minister of Fisheries and the Minister of Public Works regarding their recent statements about Newfoundland?

Inquiries of the Ministry

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have one further supplementary question for the Parliamentary Secretary to the Minister of Fisheries. Is he aware of the fact that the fishermen have protested the inadequacy of the payments? This is part of the problem. Also, is the federal government now prepared to accept the responsibility placed on its shoulders by the government of Newfoundland for the pollution of the bay?

Mr. Whelan: Mr. Speaker, we are aware that some fishermen are dissatisfied. That is why we have a representative of the federal Department of Fisheries in the area personally contacting these people.

I do not know how to answer the last part of the question other than to say that the federal government is willing to accept its responsibility.

Mr. Hees: You are the only honest man over there. You should be the minister.

Mr. Crouse: Move him up to the front bench.

FISHERIES

REPORTED SEIZURE OF FOREIGN VESSEL OFF B.C. COAST

Mr. Douglas A. Hogarth (New Westminster): Mr. Speaker, I have an easier question for the Parliamentary Secretary to the Minister of Fisheries. Is there truth to the report that another foreign fishing vessel has been arrested and seized by Canadian authorities off the coast of British Columbia?

Mr. Speaker: Order, please. The hon. member knows that according to the rules he cannot ask the minister to confirm or deny rumours or reports.

Mr. Hogarth: Perhaps, Mr. Speaker, I may rephrase my question in these words. Can the parliamentary secretary confirm or deny the report that another foreign fishing vessel has been arrested and seized by Canadian authorities off the coast of British Columbia?

THE CANADIAN ECONOMY

INFLATIONARY PRESSURE EXERTED BY BANKS

Mr. Frank Howard (Skeena): Mr. Speaker, I would like to direct a question to the Minister of Finance and ask whether he has heard about the accusations made yesterday by Mr. McLaughlin, president of the Royal Bank of Canada, that the federal government's past history of imbalanced budgets and squandering of public money is a contributor to inflation and should be straightened out? If he has, would the minister like to inform the president of the the Royal Bank of Canada that the banks are the major culprits in the field of promoting inflation by pouring out thousands and thousands and indeed millions of dollars?

Mr. Speaker: Order, please. I doubt whether the question is in order. It relates to the debate which will be taking place next week.

NATIONAL PARKS

GRANTS OF LAND IN PERPETUITY

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Minister of Indian Affairs and Northern Development. Having had a week or so to think about the question I directed to him as to whether the policy of the government of Canada with respect to national parks has been changed, that is, with respect to the ownership of land, and whether the federal government is now prepared to offer to all provinces arrangements relating to national parks on the same terms as the minister arranged with the province of Quebec regarding the national park in Gaspé, can the minister now answer the question?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I have already answered that question. We have no intention of changing our policy on parks or of signing new agreements of the same nature, and the federal government is legally the owner of the land in the Forillon peninsula.

[*English*]

Mr. Stanfield: A supplementary question, Mr. Speaker. I should like to ask the minister why the government insists on doing something that it has always insisted is wrong and is, through its own action and its own failure to carry out this policy on the same basis in the rest of Canada, forcing the province of Quebec to be in a position of accepting a special status.

[*Translation*]

Mr. Chrétien: Mr. Speaker, there always were particular agreements on parks under certain circumstances. Special arrangements were made with Alberta, British Columbia, Quebec and Nova Scotia, of which the Leader of the Opposition (Mr. Stanfield) used to be premier.

[*English*]

Mr. Stanfield: A supplementary question to the Prime Minister of Canada. Will the Prime Minister of Canada say whether he is going to offer the same terms to the other provinces of Canada or whether he, too, is going to be party to a position which he has insisted is wrong, and through the actions of his own government force the government of Quebec to be in a special status position with regard to this policy; or will the Prime Minister see to it that the same terms are offered to all the provinces of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I think the minister made clear that the government was adhering to its policy in the case of the Forillon park. The province of Quebec was not forced, as the Leader of the Opposition said, to be placed in a particular status. It is the province of Quebec which insisted, under the terms of the ARDA agreement, that the transfer of this particular territory be for a limited time. This agreement had been signed, and we just respected the agreement in this particular case. But I think it is quite clear that the minister is not saying that he will apply this exception in the future. Speaking for the government, I have no intention of signing any further agreements with provinces, including Quebec, which would permit this kind of arrangement.

Some hon. Members: Oh, oh.

Mr. Trudeau: What's so funny?

Mr. Stanfield: Mr. Speaker, is the Prime Minister of Canada seriously standing in this house and saying he has made this arrangement with the province, to which nobody objects, but is not prepared to extend the arrangement to the rest of the country?

Mr. Speaker: Order, please. I would think we have now reached the point where we are no longer asking questions and receiving answers. This is debate. I suggest we go on to the next question.

ESTATE TAX ACT

REQUEST FOR SUMMARY OF INTERPRETATIONS BY OFFICIALS

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is to the Minister of Finance. The other day I asked the minister whether he would table the summary of the interpretation of the estate tax and gift tax revisions which followed the last budget. He indicated that he would. Could he possibly do it before the debate starts on Monday on Bill C-191, so we will be given the whole picture?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I will endeavour to have them available by Monday, although the debate on Monday is not on the estate tax because that bill has already been passed.

TRADE

STRAWBERRIES—MAINTENANCE OF IMPORT DUTIES

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, last Wednesday I directed a question to the Minister of National Revenue regarding the maintenance of strawberry tariffs. I wonder whether he is in a position to reply today to my question.

Hon. Jean-Pierre Coté (Minister of National Revenue): Yes, Mr. Speaker. I recently received a brief from the British Columbia Federation of Agriculture regarding the maintenance of import duties on strawberries during 1969. Since the matter was already under review by the Department of Finance, a copy of the brief was forwarded to that department in view of its responsibility for the effective level of import duties. It is understood that the matter is presently under active consideration.

CANADIAN FLAG

DISPLAY IN BOTH HOUSES OF PARLIAMENT

Mr. Barney Danson (York North): Mr. Speaker, my question is for the President of the Privy Council in his capacity as house leader. I would like to ask the minister, in view of the bill introduced by the hon. member for Cochrane and the absence today of the right hon. gentleman from Prince Albert (Mr. Diefenbaker), whether we could have some assurance that the flag debate will not commence until the right hon. gentleman returns.

Some hon. Members: Oh, oh.

Mr. Donald MacInnis (Cape Breton-East Richmond): I have a rhetorical question for the Prime Minister. I wish to ask him whether his attention has been drawn to the statement made by the Premier of Newfoundland that his minister of public works is a stupid jackass?

Mr. Speaker: Order, please.

Inquiries of the Ministry

SHIPBUILDING

APPOINTMENT OF CHAIRMAN OF INVESTIGATING COMMITTEE

Mr. H. Russell MacEwan (Central Nova): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. In view of repeated representations, I wonder whether the minister can advise if the government has now appointed a chairman for the committee investigating shipbuilding in this country?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Yes, Mr. Speaker, the chairman has been appointed by consent of both the department and the industry. He is Commodore Robertson. The initial terms of reference have also been agreed upon with the industry, and staff has been made available by the department to the Committee.

Mr. MacEwan: I have a supplementary question, Mr. Speaker. I wonder whether the minister can advise us as to when the committee will commence its work; will it be right away?

Mr. Pepin: I understand the commodore will be working with the industry as early as next week.

INQUIRY OF THE MINISTRY

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, in the absence of the Minister of National Health and Welfare, may I direct the question to his parliamentary secretary? In view of the fact that a few evenings ago members of this house upheld the honour of this chamber by whitewashing members of the fourth estate by a score of 18 to 2 would the parliamentary secretary arrange for physical training and lessons in softball for all members of the gallery, except for their third baseman?

NATIONAL PARKS

GRANTS OF LAND IN PERPETUITY

Hon. George Hees (Prince Edward-Hastings): I have a question for the Prime Minister. When certain arrangements and accommodations are made with regard to one province, is it the policy of the government to make the same arrangements available to all other provinces?

Mr. Speaker: Order, please. I suggest the hon. member is pursuing the argument of a moment ago.

[Mr. Speaker.]

Mr. Hees: It is a fundamental and important point which should be cleared up, Mr. Speaker. The Prime Minister has made it clear so far that certain accommodations were available to Quebec and not to other provinces.

Mr. Speaker: Order, please. I suggest to the hon. member that this is not really a genuine point of order. I think the hon. member is pursuing the debate which started a moment ago, and we should return to the question period at this time.

REGIONAL DEVELOPMENT

ASSISTANCE THROUGH CAPE BRETON DEVELOPMENT CORPORATION

Mr. Robert Muir (Cape Breton-The Sydneys): My question is directed to the right hon. Prime Minister. In view of the announcement by the Minister of Regional and Economic Expansion yesterday of the assignment of $100 million to $200 million for the redevelopment of Hull, is he prepared to increase the amount provided the Cape Breton Development Corporation for the redevelopment of Cape Breton Island, which can only be described as paltry in comparison?

FISHERIES

REPORTED SEIZURE OF FOREIGN VESSEL OFF B.C. COAST

Mr. Ray Perrault (Burnaby-Seymour): I have a question for the Parliamentary Secretary to the Minister of Fisheries. Does the Department of Fisheries have any knowledge of foreign fishing vessels fishing illegally in Canadian waters?

Mr. E. F. Whelan (Parliamentary Secretary to the Minister of Fisheries): All I can say to that is that we have had news that a Japanese fishing vessel was apprehended by a Department of Fisheries patrol ship 10.1 miles from the coastline off Quatsino Sound last night and is now being escorted to port.

Mr. Lloyd R. Crouse (South Shore): I have a supplementary question, Mr. Speaker. In view of the lack of definitive baselines, can the Parliamentary Secretary to the Minister of Fisheries indicate just where our territorial waters end?

Mr. Whelan: I can say that the spot where the fishing vessel was apprehended was within our old baselines, or within the territorial waters which we call Canadian waters, and even when the new lines come into effect, I believe on Monday, it will be found that the fishing vessel was well within them.

INDUSTRY

REPORTED TAKEOVER OF CANADIAN BREWERIES BY PHILIP MORRIS

Mr. John Gilbert (Broadview): My question is directed to the Minister of Finance. In view of the determined drive by Philip Morris to take over control of Canadian Breweries and in view of the concern expressed yesterday with regard to foreign takeovers, will he implement the practical suggestion made by Walter Gordon with regard to the 30 per cent takeover by foreign corporations of Canadian companies?

Mr. Baldwin: Who is he?

Mr. Speaker: Order, please. The hon. member is entering into consideration of matters which will be discussed next week.

SHIPBUILDING

COLLINGWOOD, ONT.—PLANS TO RETAIN EMPLOYMENT OPPORTUNITIES

Mr. P. V. Noble (Grey-Simcoe): Mr. Speaker, now that I have a copy of the message that was directed to the Prime Minister from the Collingwood Town Council in respect of the shipyard there, may I repeat my question of last Wednesday as reported on page 9169 of *Hansard*. I said:

> Mr. Speaker, I should like to direct this question to the Prime Minister. Did he receive a telegram from the Collingwood town council expressing their anxiety and alarm in respect of the circumstances in the shipbuilding industry in which 900 residents of that town are employed? Does the government share this concern and does it have any plans or proposals that would protect the jobs of these people?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the telegram, if received, was directed to the minister concerned, namely the Minister of Transport.

EXTERNAL AFFAIRS

CANADIAN POSITION RESPECTING SOVEREIGNTY OF MAINLAND CHINA OVER TAIWAN

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to put a question on another matter to the Prime Minister, in view of all the enlightenment we are receiving today. The matter arises out of statements made by the Secretary of State for External Affairs, both inside and outside the house. Just to be absolutely clear on this matter, can the Prime Minister say whether the government of Canada now accepts the claim of sovereignty of the government of Peking over the island of Taiwan?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have previously answered this question, saying that recognition of the government does not necessarily mean the recognition of all its territorial claims, and I gave some examples. I think that if a country wishes to recognize Canada we would not demand that it recognize, for example our sovereignty over the Arctic islands.

Mr. Stanfield: I have a supplementary question, Mr. Speaker. May I assume from the answer given by the Prime Minister that the government of Canada does not accept the claim of the government of Peking as to its sovereignty over the island of Taiwan?

Mr. Trudeau: That is not what I said, Mr. Speaker, but let us hear what the Leader of the Opposition thinks about this.

Mr. Baldwin: You are supposed to be answering questions.

Mr. Speaker: Order, please.

Mr. Muir (Cape Breton-The Sydneys): Why don't you take your responsibilities as the Prime Minister?

Mr. Speaker: Is the hon. gentleman rising on a supplementary question?

Mr. Stanfield: Yes, Mr. Speaker. I have no intention of violating the rules of the house, even at the invitation of the Prime Minister. I simply want to ask the Prime Minister when he is going to state forthrightly the position of the government with regard to the claim of sovereignty by the government of Peking over the island of Taiwan.

Mr. Trudeau: Mr. Speaker, obviously the question is—

An hon. Member: Too much for you.

Mr. Hees: You will bounce off the floor on that.

An hon. Member: Smarten up, kid.

Mr. Hees: Get them grinding. Where is that Liberal dialogue?

Mr. Muir (Cape Breton-The Sydneys): You took the easy way out. You couldn't face it.

Mr. Speaker: Orders of the day. The question period is over.

Some hon. Members: Oh, oh.

National Housing Act

GOVERNMENT ORDERS

NATIONAL HOUSING ACT, 1954

AMENDMENTS CLARIFYING DEFINITIONS AND DEALING WITH THE INTEREST RATE ON INSURED LOANS, AND OTHER MATTERS

The house resumed from Wednesday, May 28, consideration of the motion of Mr. Trudeau that Bill C-192, to amend the National Housing Act, be read a second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

Mr. Steven Otto (York East): Mr. Speaker, it seems that I have an unusually large audience in the house for the continuation of the debate on the housing bill. Hon. members will recall that at the last occasion, on Wednesday before six o'clock, I lauded the minister and congratulated him on his good intentions to do something about housing. I also pointed out to him that he had to contend with an arm that he would trust to execute his desires, namely the C.M.H.C., which was not exactly in keeping with an efficient organization. Indeed, I pointed out that in the field of research their contribution had been nil. As mortgage guarantors they do not even do the job that private mortgage companies are doing. Private companies are lending more money with easier terms, so the comparison is certainly not in their favour.

• (11:50 a.m.)

I have indicated that I am completely in favour of the minister's desire, through the medium of this new bill, to promote construction of low rental or limited dividend housing. I should like to bring to the attention of the minister that last year I was asked to help a group in Toronto build a limited dividend project consisting of 600 units in the heart of the city, almost within walking distance of downtown. The proposed rents ranged from $75 for a bachelor apartment to $130 for a two bedroom apartment.

The answer I received from C.M.H.C. was to this effect: "Well, Mr. Otto, those rents are much too high". As I say, this was last year when the welfare department was paying $156 a month minimum for the worst type of accommodation. So I asked a gentleman in C.M.H.C.: "On what figures do you base your statement that the rents are too high?" He replied: "We have some figures compiled in 1957". I was absolutely dumbfounded with that answer, but that is typical of their attitude.

[Mr. Speaker.]

Again, Mr. Speaker, at a later time I presented a critique on Habitat '67, a project that I think was wonderful, an idea that could be expanded a great deal, and their answer to me was, quoting directly from their letter:

> First C.M.H.C. does not have a large stake in Habitat '67 either financially or from a prestige standpoint. Our financial contribution was the sum of $250,000 which was earmarked for research after the completion of the structure. We have no responsibility for the design or concept of Habitat '67.

In other words, what C.M.H.C. is saying in this letter is that they are not interested in Habitat '67. They are not interested in promoting research or in granting money for that purpose in order to get Habitat '67 to conform to Canadian building standards.

All in all, I should like to say this about my experience with Central Mortgage and Housing Corporation. This is not at all personal because I have had a great deal of gentlemanly attention from and have conducted some good negotiations with these people. I like them and I know the minister will like them. But when he analyses the situation coldly, I think he will find that C.M.H.C. is a dead duck. The corporation is absolutely useless in most of the fields in which it is empowered to act.

What is needed is a complete shakeup in C.M.H.C. Retire those who want to be retired. Get rid of the dead wood—yes, let us call it dead wood—and get a new organization. The minister is not going to get very far with the organization he now has.

If the minister wants to hear some ideas, I have 76 pages of ideas on how C.M.H.C. could improve its contribution to home construction. If the minister wonders why C.M.H.C. still has to come back to the house and ask for an increase of another few million dollars for guaranteeing mortgages, let me inform the minister that every other organization bases their guarantee on the loss ratio. In the mortgage field, as guarantor you have no loss. C.M.H.C. could easily guarantee twice as much as they are presently guaranteeing.

On Wednesday I spoke of the problem of getting National Housing Act money into areas outside Toronto and other large municipalities. This could be done by helping in the matter of administration and collection. I also spoke about C.M.H.C.'s failure even to grasp ideas concerning research, whether on sewage disposal or other types of land development. Perhaps the minister will ask C.M.H.C. why it is they demand an assurance that some lending institution is willing to put up money before the loan is guaranteed. It

does not make sense. If C.M.H.C. say that they will guarantee the money themselves, then a lot more lending institutions will compete in the mortgage field. At the present time lending institutions are actually making money just by giving some indication that they are interested.

The matter of legal fees was brought up by the former minister and his task force, and this is another area where the problem is easy to solve. Both the minister and C.M.H.C. know that every title has already been searched before they grant a mortgage on property. Why does the corporation not simply state that every piece of property mortgaged under the national housing legislation automatically has title insurance? As soon as the worry over title is removed and the title is guaranteed, legal fees will go down from $600 or $700 per house to about $25 because there is no need for lawyers. The solution is so easy; yet they cannot seem to see it.

On the question of assistance to provincial housing corporations I am sure—and I have explored this question with the hon. Mr. Randall and others—that if vendors could be given a national housing or C.M.H.C. guarantee—in different form, mind you—all types of buildings could be purchased. Vendors seldom receive very much money down, so if the Ontario Housing Corporation could give the vendor a bond based on the rent and buy the property which would be guaranteed by the government of Canada, then the vendor would be only too happy to sell. Even though he does not get one nickel down he does get a guarantee. With this he will be able to negotiate with a bank if he wants any additional cash.

There is one last matter on which I do not want to dwell because I have spoken to the minister about it. The minister will probably rise to the defence of Central Mortgage and Housing Corporation because this seems to be the loyal thing to do. If C.M.H.C. were a department of government, I would not blame him for rising to their defence. But let me remind him that C.M.H.C. is a crown corporation, not the minister's department. He does not have to defend the corporation blindly.

Therefore, I suggest to the minister that he look at this establishment carefully, despite all the nice attention he receives from the gentlemen in charge. I think he will find that if Parkinson's law has set into any corporation it is well entrenched in C.M.H.C. Even Peter's law is well entrenched. It is a corporation that has little use at the moment. It is dead. It is stagnant. Yet it could be very powerful and influential and of great assistance to the minister. But the minister must shake it up. He must get rid of the dead wood and promote men who are ambitious, men who are keen to grasp new ideas. Otherwise all the good intentions that the minister has expressed, which I believe are well founded, having known the minister and his desires for many years, will come to nothing. What he requires behind him is an arm that will be efficient, that will do something and make its existence worth while.

• (12 noon)

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, may I join other hon. members who have spoken in offering my good wishes to the new minister in the work he has taken up. I believe a good start has been made. For the first time in living memory housing is not being treated as an "etcetera" of another department. It has been pried loose and is not to be considered as falling within the purview of a department unrelated to housing. I believe housing has come under five different ministries within the last ten years. Now housing is to be the responsibility of one minister. Soon I hope we shall have a full-time minister of housing, and I hope the present minister will become the full-time minister of housing and urban affairs. The field of housing is most important and ought to be the responsibility of a full-time portfolio.

I know that before the minister assumed his new responsibilities he took an immersion course in housing. I hope he was totally immersed. I hope he went deeply enough into the subject to gain a real insight into the problems. I hope he gained a knowledge of the housing needs of people with incomes of less than $6,500 a year. The problem increases in intensity for those earning less than that amount.

The housing problem is really not a problem of housing but one of income. Those with high enough incomes can obtain houses. Consequently the problem of housing is to provide homes for those whose incomes will not permit them to obtain their own homes. That is where the real housing problem lies.

I hope the minister feels that the time has come to stop talking and start building homes. Here may I say that I do not share the view of the hon. member for York East (Mr. Otto), who has just spoken, that the minister will have to be under the dictates of Central Mortgage and Housing Corporation. If

the minister is determined to build low cost houses and public low rent housing I submit he can assert his authority even over Central Mortgage and Housing Corporation. In my view ministerial determination is required if the right priorities are to be pursued. The corporation must be given the sinews of war. It must be given the authority and the money to do the job. There must be proper directives and proper co-operation with the provinces. I think the minister's first test will be in achieving that co-operation.

When we talk about homes being built we must ask ourselves, what kind of homes are they to be and for whom are they to be built? The minister said that the primary objective of the government is to provide decent houses for all Canadians. But, Mr. Speaker, by concentrating on that broad objective I submit that we are not focusing our attention sharply enough on the areas of greatest need.

Last year I attended the housing conference held in the city of Toronto. Over 500 delegates from all over Canada found that it was necessary for the government to lay down much more specific guidelines and directives than had previously been laid down. Guideline No. 6 of that conference was:

> As long as government allocations for housing are insufficient, priority within housing budgets should go to helping those with the greatest need.

I am quoting from a pamphlet published by the Canadian Welfare Council. The pamphlet goes on to say:

> The quantitative implications of such a policy have been estimated to be in the neighbourhood of 20,000-30,000 low-income dwellings a year requiring an investment of public funds of about $300 million annually—or about two to three times the best we have been able to achieve in any one year so far.

That will be a primary consideration for the minister. It is not good enough for the minister to say that we must provide decent housing for all Canadians. We must begin thinking specifically about the needs of certain Canadians, those with modest or low incomes. I am thinking of those who earn $6,500 a year and less. If we are to consider their needs we must close our ears and not listen to complaints from those people belonging to the group which has been mainly assisted by Central Mortgage and Housing Corporation in the past. If the minister can close his ears and not listen to their complaints, if he will make a determined effort to attain the objective I have outlined, and if he will give adequate direction to Central Mortgage and Housing Corporation, then I think that priority No. 1, the provision of housing for our low income groups, will be met. The minister must take this objective seriously. In February the Canadian Welfare Council stated:

> Continuing research, limited dividend projects, non-profit and co-operative housing, acquisition of existing dwellings in scattered sites, and income supplements are all desirable parts of a comprehensive housing program, and the task force is to be commended for recognizing this; but to put them forward at this time as substitutes for public housing is grossly misleading.

I wish to emphasize the importance of such statements. Today I am speaking on behalf of those who must have public housing. I know how important limited dividend housing is and how necessary it is to renovate older homes. Nevertheless, if we are to begin to tackle priority No. 1 we must provide adequate public, low rent housing for our people. In my view this is a must and comes before everything else.

I have already indicated that the Canadian Welfare Council contends that we must build a minimum of between 20,000 and 30,000 low income dwellings every year. That is two or three times the 10,000 dwellings we now build each year. The public housing stock of Canada makes up less than 1 per cent of our total housing stock. On the other hand, as the hon. member for Broadview (Mr. Gilbert) pointed out yesterday, 30 per cent of Britain's total housing stock consists of public housing. That ratio will not be achieved easily in this country. If we are to work toward its attainment the minister will have to apply concentrated attention to public housing needs and pay no attention to anything else. I do not know whether he is prepared to do that but he must do so if our housing crisis is to be overcome.

The report of the Task Force on Housing states that 100,0000 families across Canada are on waiting lists for public housing. I would point out that many other families needing public housing have concluded that it is useless to be on any waiting list. Some time ago in Vancouver I inquired about vacancies in a certain public housing project. The manager of the project told me that only death can create vacancies there. Some people think the public housing situation is so hopeless that they do not bother even to place their names on waiting lists. I was therefore glad to hear the minister announce that at least half a dozen projects would be taken out of the deep freeze. I was glad to hear that this is to happen in Toronto but was less than

reassured to hear that it will be several weeks or even months before the minister can make a similar announcement with respect to the smaller and medium size centres of Canada.

• (12:10 p.m.)

My colleague, the hon. member for Vancouver East (Mr. Winch), asked the minister this morning when Vancouver's two big housing and urban development projects will be taken out of the deep freeze. He could obtain no information other than the reply of the minister already publicized that it will be some weeks before that is done. I point out that since November authorities of the city of Vancouver have pleaded with the minister in charge of housing and with Central Mortgage and Housing Corporation to take these big projects out of the deep freeze in order that they may be proceeded with. The people of Vancouver are in desperate need of the Strathcona area development and the downtown project No. 4A. This would be the beginning. To have to wait for weeks is just too much. Something ought to be done to cut the red tape and defeat Parkinson's law, if that is what is doing it, and above all to co-operate with the provincial government. I point out to the minister that it will be a lot easier to get co-operation from the provincial government now as there will be an election in that province shortly. There is nothing like the prospect of an election to cause a government in office to discover that they must now co-operate with Ottawa on even so-called impossible miracles, because the official opposition is on their heels and crowding them. I urge the minister to strike when the iron is hot, and it is plenty hot right now, in order to get those two large Vancouver projects out of the deep freeze before it is too late.

Federal spending on housing must be focused on public housing. I wish to quote from page 25 of the minister's speech:

> My particular concern then is for the low income group. It is my intention that the capital budget of Central Mortgage and Housing Corporation—the direct federal investment in housing—will be devoted to the special programs for low income families, the elderly, and the disadvantaged—

Having read that far, I was thinking that this was grand. But then I read the rest of the sentence:

> —to a greater extent than in any previous year.

That is when the balloon collapsed because in previous years the support from the federal government for public housing was pitiful. If the minister cannot raise his sights higher than that at the beginning of his job, I am afraid he will not be able to deal with the pressures caused by the need for public housing. The truth of the matter is that those in the middle and upper income groups have been able to profit very largely from Central Mortgage and Housing Corporation. However, those in the $6,500 and lower income groups cannot be helped by larger and longer term mortgages. Central Mortgage and Housing Corporation simply must help this group.

I wish to point out three reasons why we cannot afford the luxury of slums. One reason is that slums lead to blighted lives. This country is littered with people who have led blighted lives and who have not had any chance to improve themselves because they were born in slums and still live in slums. In some cases they are already second, third or fourth generation slums.

The second reason we cannot afford the luxury of slums is that they are the seed-bed of poor citizenship. We need only look to our neighbours to the south to see what happens when slums are allowed to grow and ghettos to proliferate.

The third reason we cannot afford this luxury is that it involves the unnecessary spending of cold, hard cash. Some years ago I visited Seattle's first public housing project, Yesler Way. I called on a university professor who had done more than anyone else to cut through the red tape in order to make Yesler Way possible. I asked him the secret of his success in getting this project off the ground. He told me he had had a survey made in this slum area of the cost to the municipality of police protection, delinquency, crime, extra educational measures and all the services necessary where slums exist. He also had had a similar survey made of another district in that city, a comfortable middle-class neighbourhood. When he put the two cost sheets in front of the business community of Seattle they realized that slums were a luxury they could no longer afford. This is how Seattle's first public housing project got off the ground.

The business community and Canada as a whole cannot afford to tolerate slums. Housing must be made a public utility. Anything short of this approach will fall far short of the needed requirements in slum areas. It is true that condominium housing is possible for some of those in the $6,500 income bracket. I hope condominium housing will be pushed wherever there is a possibility of doing so.

I wish to point out to the minister that people in the $6,500 bracket can at best afford to pay no more than $100 a month, $75 for

the actual rent and $25 for upkeep and repairs. This means they cannot afford a mortgage of over $16,000 and they require a 40-year term. They cannot afford to pay more than 4 per cent interest on a mortgage. Where are these people going to get mortgages at 4 per cent? In the United States, the Scandinavian countries—I don't know where the scoffers at Sweden are today—and in some other countries public housing loans are provided at interest rates as low as 4 per cent. They could also be provided in this country if the minister would accept the suggestion made by my colleague, the hon. member for Broadview (Mr. Gilbert) that legislation be enacted directing banks, mortgage companies and other lending institutions to divert a stated percentage of their portfolio into housing loans at a 4 per cent rate of interest. They will not do this because they want to, but for the same reason we pay taxes and keep the lids on our garbage cans, because it is the law. They will not do it because of moral suasion, any other kind of suasion or appeals to their better nature. They will do it only if it becomes mandatory.

These are some of the facts which must be faced if we are going to provide housing for those people who are not in a position to provide it for themselves. These facts must be faced. I realize this is a mighty tough job to have suddenly dumped in one's lap, even if one is young and vigorous and baton twirling as the minister is doing at the moment. I do not blame the minister for doing that. It is much better than smoking.

Home ownership is possible in condominiums. I think the idea of renovating older homes is very good. My colleague, the hon. member for Greenwood (Mr. Brewin), will be dealing with that subject. It will be of great use in Vancouver and other centres. Home ownership of actual houses would also be possible on this basis in country districts, in small hamlets and villages.

• (12:20 p.m.)

But the biggest mistake the task force made, if one can find it and I believe I have, is that it did not realize the truth that in 1969 the dream cottage surrounded by roses and owned by its occupants is not a possibility for the vast majority of people living in Vancouver, Toronto, Montreal, Saskatoon, Calgary, Edmonton, Regina, Quebec City, Ottawa and other cities. The former minister was reluctant to believe that truth with the result that he threw out the baby with the bath water. He panicked when he realized how far short our public housing projects fall from what they should be and put them all in the deep freeze.

I now want to deal with low rental projects, and the things we must avoid in future when we are considering them. We have to plan such projects well. We cannot have any more concrete mausoleums set in canyons of cement. I do not want to see any more projects like Raymur in Vancouver designed for families.

Mr. Hellyer: Hear, hear.

Mrs. MacInnis: I know the former minister agrees. This is why he threw out the baby with the bathwater. He knew that in such projects babies could fall from high balconies or windows and be killed. I know that the low cost rental project in downtown Vancouver where elderly people are to live is fine because they can use elevators, and they do not put their feet six feet up to make marks on the doors, as sometimes happens in projects where families are living with children.

These projects must be planned with a view to the people who are going to live in them. I believe that 350 people to a project is the outside limit suggested by a number of housing experts. These projects must have variety and be provided with a number of other amenities. One of the greatest lacks in these projects has been the lack of recreational facilities and planned recreational activities.

The minister knows that I have been particularly critical about such projects as Skeena Terrace in Vancouver, and Orchard Park and Little Mountain, but I have not been nearly so critical of MacLean Park because by the time construction of it started the authorities began to put in such facilities. We must have activity rooms in these projects. If we had activity rooms there would be far less tearing around by young people, ruining the buildings, spoiling the hallways and the doorways.

Not too long ago I visited the Bayshore housing development, a private project on the outskirts of Ottawa. There I found a very nice community centre as part of the project, containing rooms for elderly people, rumpus rooms for the young, meeting rooms, games rooms and other facilities. I have not heard of any disturbances at Bayshore, of riots, race or otherwise. The people there have planned living facilities. They are good tenants and are comfortable.

I suggest that when we get around to incorporating the same sort of thing in our public

projects we shall have the same sort of tenants. It may take a while to build up that type of morale in tenants. You do not suddenly take people out of poor areas and put them into very good areas without some kind of trouble. But as the chief public housing architect of Oslo, Norway, told me in that city many years ago, they found there that each generation removed from the slums improved over the preceding one in manners and behavior in public housing.

In the city of Vancouver the tenants of all the public housing projects have established the Vancouver Housing Inter-Project Council which has set to work to make recommendations for future public housing projects. Here are some of the things they recommend regarding activity rooms. The first is a large meeting room with a kitchenette and washroom, to be subdivided and used as a multipurpose room. The second is a large rumpus room for young people. The third is a preschool playroom with adjacent fenced area to be used as a tot lot. The fourth is a community workshop, particularly for apartment dwellers. A basement room with a workbench should be made available to tenants. There is such a room in one of our low rental projects in Vancouver and I can assure the minister that it is used. The fifth recommendation is that a sitting room should be available for senior citizens preferably in their own part of the apartment building. Finally, they say that a community office is also desirable, which could be used by a variety of people and various workers for private interviews, etc.

These are the types of facilities required to save public housing projects from being the sort of things that frightened the wits out of the former minister in charge of housing. I say that I do not blame him for being frightened when he saw these projects. I suggest that such facilities should be built into existing housing projects that were not properly planned in the first place.

In addition to activity rooms inside there should be outside facilities for recreation. There should be playing fields. There should be other facilities for young folk, for teenage activities, where they can enjoy themselves with proper supervision. I can think of Orchard Park in my own riding where there are no properly directed outdoor activities for young people. The result is that senior citizens who occupy a part of the project, small, low, single storey dwellings, are often wakened by what they regard as young hellions scrambling over the roofs, and the windows of these dwellings are liable to be broken by balls when games are played outside them. Mothers of children in that project are frantic because there are no proper play facilities for their children. This sort of thing should be avoided. There should be proper outdoor playing space provided for the young people.

With regard to Skeena Terrace and the provision of such outdoor recreational facilities, no doubt in years gone by the responsible minister said, "This is a ridiculous thing to ask for because there is no room outside." Of course there is no room. Skeena Terrace and other public housing projects were erected on the worst possible sites that no one else wanted for anything. Skeena Terrace is located on three arterial highways with no proper means of transport for the tenants to get to stores, to church, or to other places that people want to go.

Furthermore, Mr. Speaker, there is no playing space at Skeena Terrace. But let me tell the minister that there is something that could be done to improve the situation there. Right across from Skeena Terrace there is a large public park. In the corner of that park nearest to Skeena Terrace a large community centre could be built which would serve not only Skeena Terrace but Beulah Gardens, a nearby low rental project for old people. These projects are in the constituency of my colleague, the hon. member for Vancouver East.

The trouble about building such a community centre is that under the present division of jurisdiction it is the responsibility of the city, and the city simply cannot afford to put up a community centre on that very nice park site. Since the minister is ready to seek and extend co-operation, since the electoral circumstances are favourable for getting the co-operation of the Premier of British Columbia, and since the city of Vancouver is just itching to get some help to build a community centre on that side, I suggest that it would be a very good time for the minister to go out there, sit down with the provincial minister in charge of housing, Dan Campbell, and the city authorities, and try to get this community centre under way. I think this could be done, and that centre would provide several other things that the people in the public housing project need.

Once built the community centre would weld the public housing tenants into the community. It would do away with the ghetto status of Skeena Terrace. It could be the focus for activity programs. Instead of having to pay the whole shot for outside recreational

areas and activity programs indoors and out, the minister could co-operate with the parks board of the city of Vancouver so that the community center could share in supplying workers to provide activity programs for the elderly people in Beulah Gardens and for the people, young and old, in Skeena Terrace.

• (12:30 p.m.)

Do you see what I mean? This is the modern approach. When we talk about modern streamlined efficiency I think this means meeting the needs of people who cannot look after themselves and not those people who can look after themselves. If you will not do it on ethical grounds, for goodness sake remember that a mansion sits uneasy in the midst of a slum and that a healthy Canadian community cannot sit easy in the midst of the rotted downtown cores of our big cities.

I know I do not have very much time but there are a few other things I should like to mention. Mr. Minister, if you will undertake the rehabilitation of the whole concept of how to deal with low cost housing you will be able to change pariahs into participants; you will give the people in low rent housing something to live for, some link with the rest of the community instead of being cut off. Another thing I think you might take a look at, Mr. Minister, while you are fresh in office in this. Central Mortgage and Housing Corporation projects have a rent geared to income policy. I agree with that policy, but it should now be geared to income, plus.

There is a plus of $50 and if tenants' incomes increase by more than $50 their rent goes up. If you want to provide incentives—today we talk about incentives on every hand and there is a danger of losing them—do increase that $50 limit somewhat. If you do so this will permit the people in public housing projects to get the training they need from manpower and other sources and to go out and obtain a job. When they have jobs and are established in them, then you can take them out of there and make the public housing available for people who really need help.

I urge you to do this because all across Canada there are many people—and I know them personally in my own city—in these housing projects who would like nothing better than to become trained, find work and get out. But they do not do that because the minute they start earning a little wee bit their rent goes up and for that reason they cannot afford to get out and earn. They need a little leeway in order to get established. I wish you, Mr. Minister, would look at that situation to see whether we could get them trained so that they could earn.

This is participatory democracy. Participatory democracy is said to be the keynote now. It does not consist of the brass flitting about on beautiful journeys across this country to see how the grass lives and then coming back and making plans concerning what is good for the grass. Participatory democracy consists of the people who are doing the planning and building having the courage to take the initiative to take the action required in the lives of these people. Heaven knows we have had enough surveys. The task force conducted a great many surveys and interviews in addition to all the other surveys which have been going on. We know what is required and need no more surveys in order to make a start. If you do need surveys, I can tell you one place to get information. That is from the people who actually live in these housing projects. They are the ones who know the situation.

So please, Mr. Minister, before we make up our minds about you and while our minds are still open—and obviously my mind is wide open because you have not done anything yet and have not had an opportunity to do so—before we give vent to any preconceived prejudices of any kind or form any newly conceived ones, please take action of the right kind and you will earn our undying gratitude and that of the people all across Canada. We know you have the interests of the people at heart, but for goodness sake, if you really intend to cope with the problem of housing forget your friends, those who surround you, all those comfortable people, and keep your eye on the ball—in this case the people with incomes of $6,500 or less.

Mr. Douglas Stewart (Okanagan-Kootenay): Mr. Speaker, my major purpose in rising to participate in this debate is not to praise the government for proposing Bill C-192, nor is it to laud those supplementary policies enunciated Wednesday by the Minister without Portfolio (Mr. Andras) responsible for housing notwithstanding that I realize that many attractive and badly needed features have been advanced as amendments to the National Housing Act. Neither is it my intention this afternoon to expound upon the whole range of problems dealing with the housing issue. This would be a repetitious exercise, the entire spectrum of housing already having received extensive and varied comment. However, I do wish to make or remake, as the case may be, a few salient points which

are tempered by the views of one who represents a large rural riding, that of Okanagan-Kootenay, dealing with a few of the peculiar problems that are being encountered in such a region.

Firstly, it is my contention that the government should give top priority to the problems of rural area residents and in particular make more N.H.A. funds available to those who reside in the relatively small communities therein. I submit that all people in rural areas should be afforded the opportunity of participating in federal housing loans, be they residents of municipalities or unorganized territories. Their lot should not be discounted in the light of the problems inherent in the larger urban centres. I suggest that present government policy and support regulations are directed in the main to the benefit of major population centres and to the detriment of the many thousands of our citizens situate in rural areas. For too long too large a proportion of available mortgage funds has been allocated to the large cities of Canada for the propagation of multi-million dollar apartment buildings and like projects. This imbalance should be rectified and the government should cultivate a willingness on the part of private financial institutions to place funds in more remote regions by itself overcoming an apparent reluctance to invest needed capital in places of rural habitation.

Contrary to lingering government thinking, a home to those living in Vernon, Armstrong, Sicamous, Revelstoke, Golden, Invermere, Kimberley, Cranbrook, Jaffray, Elko, Fernie, Sparwood and so many other smaller centres in my constituency, is no less important than is the necessity of accommodation for the folk of Vancouver, Winnipeg, Toronto and Montreal. May I suggest that the principal ogre perpetuating this inequality in lending policy is C.M.H.C.'s present regulation requiring the construction of piped services to housing. In a phrase: No water or sanitary sewer, therefore no eligibility for N.H.A. financed loans. Although there are stated exceptions to this rule, in my experience leniency in their interpretation has never been the federal corporation's watchword. And there are many areas in this country, and Okanagan-Kootenay is representative, that will never be serviced with piped sewer and water. So, at the moment, hundreds of people living in unorganized portions of my riding and several thousand more who reside within municipal boundaries are effectively shut out from public assistance because they are on wells and/or septic tanks. And for those who intend to locate and build, to join their fellow primary producers, or take their employment in the extractive industries, the same fate awaits them.

Facilities which are entirely satisfactory to many of my people, and have been for years are still effectively quite unacceptable to the crown corporation. Moreover, even though modern technology has provided us with a number of more sophisticated and proven sewage disposal systems, C.M.H.C. has steadfastly refused to accept them, and as a result of these overly restrictive regulations it is impossible for many and too tough for most to comply.

I therefore say that, even though I share the concern of all levels of government for the pollution of ground and water, which concern undoubtedly has given birth to these constrictions, and even though I am quite aware that the use of septic tanks in concentration will create difficulties in curbing pollution, surely a workable set of regulations which would supplant those that have outlived their usefulness can be formulated which would then permit the use of certain lands, presently exempt from mortgage financing, and a goodly portion of which will never be equipped with piped services, on a septic disposal and water well basis. Such a solution would inject a new and needy borrower into the program and would also raise the generally low standard of housing prevalent in sections of our country, certainly in several of the more depressed portions of my riding.

• (12:40 p.m.)

On another matter, although Bill C-192 makes an attempt to assist those on small or fixed incomes, the 20 per cent of the people either below or hovering on the poverty level, I am not convinced that the intended modifications go far enough. Even though the amortization period for loans now permissible is to be extended, and although the amount of mortgage money is about to be increased to $18,000 for improvement and purchase of used homes, both of which amendments are commendable, are we still doing all we can to aim our policy toward assisting that class of people below the subsistence level or, for that matter, toward the average wage earner? I think not. Moreover, I think that the lack of any effective means to control rent, coupled with today's high cost of money, simply precludes these classes of Canadians from enjoying what every Canadian should be able to enjoy—reasonable accommodation.

Whether a solution takes the form, as suggested in the Task Force report, of implementing a program of income supplements to permit low income families and those on fixed incomes to rent or even purchase housing according to their own needs, whether the government institutes a policy whereby, in certain cases, interest payments on home mortgages are wholly or partially income tax deductible, or whether interest rates on mortgages are set on a graduating scale depending on the size of the mortgage, thus encouraging less expensive homes and assisting lower income groups, there must be some better solution than that proposed. I urge the government to find one along these lines.

My third point this afternoon relates to the tremendous and stifling amount of red tape which one encounters and attempts to cut a swath through in his dealings with both the department and its agency responsible for housing. If I may be forgiven for again being parochial, I would like to cite the Sparwood land assembly program at present under way in my riding as but one example.

Approximately four and a half years ago it was determined by the provincial government that an urban renewal program should be put into effect for the Michel-Natal townsites. The municipality, on agreeing to such a scheme, requested that a land assembly be formed some four miles away in Sparwood. This area, as hon. members may know, is the region where the massive Kaiser coal development is now in its initial stages. It is some 38 miles from where the proposed Fording Coal operations are anticipated. In excess of some 500 additional housing units are urgently required for miners and for those people serving in an ancillary capacity.

Everyone directly concerned with this development, including the municipality and the coal company, has to my knowledge diligently pursued in every conceivable manner the frustrating task of attempting to traverse the maze of regulations and format restricting progress. The scheme is still off the rails, although admittedly success is now within reasonable reach. The problem? I do not really know, but I would strongly suggest that it is certainly one demanding an immediate solution.

Before I leave this subject I must say a word about the apparent unavailability of adequate mortgage financing in the south eastern portion of Okanagan-Kootenay. I am advised that the Kaiser Company has attempted in every foreseeable, proper way to get contractors to build permanent homes as well as single dwelling units. I am told that developers with as much as 40 per cent equity have requested loans from C.M.H.C., banks and other lending institutions and have been advised that it was not desirable to invest money in this area. Of course the lending institutions were somewhat more willing to listen to the housing problems if Kaiser would guarantee the mortgages. But the company, although it has undertaken to develop 50 lots, is not in the housing business; it is in the coal mining business. Concurrently the company attempted to get contractors who already had loans in existence with C.M.H.C. to build apartments, but I am again, advised that C.M.H.C. had no funds available for this purpose in the Fernie-Sparwood area.

The whole point? It appears that there is great governmental concern over the alleged risk involved in putting public funds into this region. The region until recently was, admittedly, somewhat impoverished and depressed but it is a region now, I suggest, which has its future guaranteed, without risk. However, it is still a region that urgently requires a more relaxed housing policy which would enable it to obtain and utilize the mortgage funds it so desperately needs now.

On a final point, Mr. Speaker, in an effort to obtain the ideas and proposals of interested and concerned individuals and organizations in my riding in respect of the housing issue, I had occasion last October to write every mayor, regional district chairman, chamber of commerce, M.L.A. and real estate agency in Okanagan-Kootenay. The response to my solicitations was excellent.

For the benefit of the minister and the committee to which this bill will shortly be referred for deliberation, I would like at this point, in capsule form, to recite a number of the more important recommendations I received in response to my request. They are as follows:

1. There exists a definite need for both greater mechanization in house building and for further research into more efficient materials and methods of construction. The National Research Council should intensify its research into the use of new materials such as fiberglass, for structural components, and other labour-saving techniques.

2. The government should encourage more efficient utilization of land through development of rural housing and make financing readily available for such projects under condominium ownership.

3. Lower interest rates are required on housing loans, especially insured loans.

4. Eliminate the 11 per cent sales tax on building materials for houses costing up to $25,000.

5. Greater assistance is required in developing skilled tradesmen in the construction field.

6. Relax the requirements for and encourage the development of more senior citizens low rental housing projects.

7. Encourage development of leasehold land for home construction.

8. Investigate present C.M.H.C. and National Building Code standards with the idea of updating these rules relative to modern materials and methods.

9. Consumer education should be provided by senior levels of government on the desirability of erecting basementless houses, with resulting construction cost reductions.

10. The government should extend National Housing Act authority allowing moneys to be made available to municipal governments, as well as private corporations, for the development of residential subdivisions.

Mr. Speaker and hon. members, other than offering my own good wishes to the new minister I have nothing further to add at this time on the subject of housing. I thank all hon. members for listening attentively to my submissions.

Some hon. Members: Hear, hear.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, the prolonged acknowledgement in which I just took part was certainly not for myself but rather for the hon. member who just spoke. I understand this was his maiden speech; therefore his feet are now wet.

I am very pleased to have this opportunity to join in this debate. It pleases my heart to see the former Minister of Transport who was in charge of housing in his seat today. In my usual charitable manner, if he would like the opportunity to speak before me I would certainly bow to that wish. Whether or not he has any thoughts in this regard, I suppose he does not want to do that, but I do not think this is because he does not have the nerve. I think he has shown a certain amount of steadfastness and principle as a result of what has happened recently.

I was very pleased to see the Minister without Portfolio (Mr. Andras), who is now in charge of housing, bring forth this legislation because I think he has the vim, the vitality and the vigour required in this department. He also has an appreciation for reality. Perhaps that is why he is in the position he occupies now rather than with the Department of Indian Affairs. Perhaps he was too good for that department. I hope he will be too good for this department.

At the same time I appreciated his statement when he said there are more families than houses and that those available are substandard and cost too much. This is the crux of the whole matter. In spite of the Prime Minister's assumption, there is a housing shortage, and it depends on where one is whether or not it can be called critical. The fact remains that the country has some 5.5 million units in which to accommodate 5.7 million families. I went to school before the new mathematics were introduced, but this means that something like 400,000 families, not individuals, are involved in this great and growing problem. In other words, thousands of people are involved in this very important issue and are looking for direction and leadership from the government.

• (12:50 p.m.)

We have a brilliant minister in charge of this portfolio, but I wonder whether the government is really apprised of the situation. In my opinion it is not. One of the most important things we have to be concerned about is creating a separate ministry of housing and urban development.

Some hon. Members: Hear, hear.

Mr. Alexander: I know that the minister, with all his candour, will pursue this matter. Any policy with respect to housing cannot help but be a failure if we do not have long range planning in terms of the urban population explosion. We read and hear about this problem continually and statistics are published almost daily. I have said before that this nation of ours, with its immigration policy—we are apparently encouraging everyone to come here now, even deserters—will find that within the next 20 years our major cities will have in them a full concentration of people. In view of this situation, how can we sit here and say this is not the type of problem that deserves a full-time ministry?

We have to be concerned about the transportation corridors that will be needed and are becoming more and more necessary. We heard from the hon. member for Halifax who indicated that Detroit-Edison had found that

we have to concentrate our efforts on transportation. We must be very concerned about pollution; we must be very concerned about the frustrations of urban living on a long term basis. We cannot meet these problems on a gradual basis by making just a few amendments to the National Housing Act.

I was very impressed as I always am, with the speech of the hon. member for Vancouver-Kingsway (Mrs. MacInnis). I am concerned that she indicated to the house—

An hon. Member: Oh, oh.

Mr. Alexander: My dear colleague, why don't you put your name on the list so you can speak? Why do you want to detract from the few minutes I have to make my speech? The hon. member for Vancouver-Kingsway indicated that we have in this problem the death of a dream. I should like to read from an article which appeared in the Hamilton *Spectator* of May 3 last. It reads in part as follows:

> The federal government's proposed amendments to the Housing Act will sound remote to a large body of Canadians, particularly those married with families and with incomes of less than $10,000 a year.
>
> Removing the interest ceiling on N.H.A. mortgage loans may attract more money to housing because the rate would probably go up to 10 per cent.

That figure is at least the fact; the rate may go up even more than that.

> But how can a family man earning less than $10,000 a year buy a home and pay interest rates like that, even with the new mortgage period absurdly stretching 40 years? The question answers itself.

That takes very little figuring out. The article continues:

> It needs very little figuring with a pencil and paper for a married couple with less than $10,000 a year to see that lifting the N.H.A. interest ceiling is meaningless to them. So it is that home ownership becomes practically impossible for the majority of Canadians, unless they live in those now favoured regions—small towns far from big cities—

I have even heard this questioned.

> —and industrial developments—where the houses look to harried city folk, unbelievably cheap.

The article continues:

> High interest rates are killing an old Canadian dream of home ownership and slowly turning the country into one of landlords and tenants.

I come back to the question of having a minister charged with housing and urban development alone. There can be no question that there is a great need for such a ministry. I should now like to read part of a communiqué issued by the Canadian Welfare Council:

> An essential first step, we believe, is the appointment of a full-time minister for housing and urban affairs. The principle of a full-time minister was endorsed by the Canadian Conference on Housing (1968) which was sponsored by the Canadian Welfare Council and attended by delegates from every province and level of government, the housebuilding industry, universities, church, welfare and citizen groups. Such an appointment would affirm government's determination to assign problems of housing and urban development the priority they deserve and should not be construed as an infringement on provincial jurisdiction.

I was very pleased yesterday to hear the minister had indicated that the public housing freeze had been unfrozen to an extent. But what bothers me is that even though I have been in the house for six months trying to get some kind of dialogue going in terms of urban renewal, the minister has not seen fit to announce, as he did with respect to public housing, that the freeze has been taken off several urban renewal projects some of which have been going on for six years.

Hamilton is faced with this problem. The minister should visit Hamilton. The middle of our downtown area is razed; there are no buildings on it. We are waiting for direction and leadership from the government in this regard. We must have leadership and direction in order to deal effectively with the problem. I, like the hon. member for Vancouver-Kingsway, cannot understand why this problem needs more thought by the government. The former minister of transport almost had me convinced that he had given me a commitment about a month and a half ago, but I was shafted again!

My friend the new minister in charge of housing almost had me convinced a while ago that we would have some sort of dialogue and he would give me a definite answer that so far as urban renewal projects are concerned Hamilton, Vancouver, Calgary, and other cities, were unfrozen. Then the minister retracted that statement. I wonder whether he is following the pattern set for him by his predecessor. I hope he was sincere when he indicated to me two or three weeks ago that I made a correct assumption when I hoped that no public urban renewal programs would be frozen before this house rises for the summer recess. I do not think this is asking too much. After all, we have been talking about this problem for six or seven months. I have a feeling that the minister will abide by his statement. I can only look at his past record in the Indian Affairs Department to judge how he will act in this situation. I do not

think the minister makes irresponsible statements. If he does decide to freeze these projects before we recess for the summer, a great many people will be very disappointed about his first effort in this field. I do not want to be the first to criticize the minister, but these people are waiting for a decision in this respect.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2 p.m.

Mr. Alexander: Mr. Speaker, I am concerned about the housing crisis in Canada. Even though the Prime Minister denies it and even though the Liberal leader in the Senate denies it, I am quite sure the people of Canada are aware of it. Low income families are very much aware of it, and my party and most members of the Prime Minister's party are certain of it. It is very unfortunate also that even though this seems to be the fact, the Prime Minister raised a smokescreen explaining he could not do much about it because the former minister of transport wanted him to drive a truck through the constitution. May I say, with all due respect, that the people of Canada do not believe him. They are interested in leadership and direction in terms of solving what I would say is a very critical situation in Hamilton so far as housing is concerned.

The Prime Minister's position does violence to Canadian history. He cannot claim that the jurisdictional lines are clearly drawn, and he must not do so. I am very pleased to see that the Minister without Portfolio in charge of housing has not taken the same view. He seems to be prepared to believe in participatory democracy, that is, going down to the lower levels of government in the provinces and municipalities in order to delve together into the several solutions by which leadership and direction must be given by this government.

The federal government has been actively involved with the provinces and the municipalities in working to improve housing and urban conditions since the last war. It is quite true that at various points precedents were set and new departures were made. That is because Canadian politicians of good will wanted to solve problems and not pussyfoot around. Therefore it is obvious that the solution to these problems can only be found through participatory democracy and not by working in a strait-jacket. Politicians did not get hung up in the legal dust of the constitution. Their concern was the bread and butter issues or, as stated by the former minister of transport, the nuts and bolts and, as I call it, the nitty-gritty issues. These are the matters to which this government should direct its attention.

I am very pleased to see this bill come before us because it is obvious that in some ways the government has stolen the thoughts of the Progressive Conservative party.

An hon. Member: Oh, oh.

Mr. Alexander: You may laugh, my friend, but I remember when the leader of my party crossed the nation speaking about a land bank. Everybody said that it could not and should not be done. Now I see that the minister is referring to municipal land assembly, not only for public housing but for housing in general. I say that where credit is due, let us give a little credit.

The rehabilitation of older homes is certainly welcome. It is a step in the right direction. At long last action is being taken on student residences. My party has urged this for the past several years, and it is a great step forward. In other areas, the reduction in insurance fees is certainly commendable. The provision relating to condominium housing will have to be studied and put into practice. This may or may not be good in terms of homes. If it does make them more available, I will be the first one to say that credit for it should go to the government.

We in this party are not obstructionists. We are here to give the government leadership and direction and certain ideas, and people should know whether or not they are stolen from us. The financial changes are also welcome if they will improve the flow of funds. In all likelihood they could be counterbalanced by the removal of the ceiling on the interest rate. Another commendable action of the government is the greater autonomy and freedom in approving urban renewal given to C.M.H.C. I have indicated already what I think about their stand on urban renewal and I do not want to repeat it. I think their attitude so far has been disastrous, one that shows complacency and indifference to the problems we are facing.

• (2:10 p.m.)

Mr. Andras: Would the hon. member permit a question? Is he aware that so far as

Hamilton is concerned the urban renewal project being considered at the present time is the third, and that the other two have already been implemented?

Mr. Alexander: In reply to the minister may I say that the York Street urban renewal program is extremely important, but if he would like to go to the corner of King and James Streets in Hamilton he will see that nothing at all is happening. We would be very interested to find out what is going to be done about it, and once we have an affirmative answer we will be able to proceed.

Another area I want to explore is the cost spectrum. It is all right for us to talk about removing the ceiling on interest rates and helping those on low incomes, the last of which is quite admirable. But it does seem to me that we are forgetting another important group. In this regard I should like to refer to an article which appeared in the *Spectator* on the subject of housing prices priority. The article reads in part:

> Discouraging statistics, placed before the Commons by Transport Minister Hellyer on Tuesday—

That would be last March 25 or thereabouts.

> —reinforced the case for an active, decisive national housing policy with priority on prices.

I should like to hear the minister say something about inflation and the high cost of homes.

> Cost is the crux of Canada's housing troubles. Other manifestations—shortages, overcrowding and slums—don't directly affect everyone. Prices do.

Then I should like to draw attention to this statement:

> People who owned houses before prices went wild don't get bruised until they try to move up to something better. People with substantial cash reserves (for a down payment) and fat incomes (for mortgage and tax payments) suffer only in that they must use an inordinately large part of their resources for housing.

This bill is helping those at the very top in terms of income. We are giving very little consideration to those at the bottom of the ladder. The article goes on:

> It's those caught between rising rents and rising prices who suffer most. And their numbers are growing. Ten years ago, only people at the bottom of the income scale couldn't afford decent housing. Then, it was considered normal for housing to take a fifth or a quarter of an average income. Now, it's not unusual to pay a third—even in public housing.

In other words, people within the $8,000 to $10,000 bracket are not in a position to buy a house. This is an area to which we should direct our attention. The Prime Minister can point smugly to the number of housing starts and say that the government is doing a good job. He can deny the existence of a crisis. But he should keep in mind that 60 per cent of his housing starts consist of high-rise apartments. These are not the resort of the decent poor. It does not help to tell us how many high-rise apartments have been started, complete with hanging gardens, water fountains, swimming pools and patios. This does not help alleviate the housing shortage. High-rise apartments with every conceivable luxury, including the fabled Hanging Gardens of Babylon, are reserved for the limited few. I should like the minister to concern himself with this problem.

There is poverty in this country. The hon. member for Halifax-East Hants (Mr. McCleave) went through the statistics in this regard the other day. As a matter of fact, there is an appalling situation in Newfoundland where 52 per cent of the people of the province earn under $4,000. Seventeen per cent earn between $4,000 and $5,000, 11 per cent between $5,000 and $6,000, 6 per cent between $6,000 and $7,000, and 4.5 per cent between $7,000 and $8,000. So in Newfoundland, which I suggest is not an extreme condition, 80 per cent of the people receive incomes of under $6,000 a year. In view of these figures we must be very concerned about the cost of housing, and it is to this area that the government must direct its attention.

One does not have to be poor to be shut out from the little world of luxury living in terms of buying a home. In metropolitan Toronto—and the same goes for Hamilton—even if you earn $8,000 you are not able to own the average sort of home. I still want to believe that it is and should be everybody's dream to have their own little plot of land. This is why I feel we require a separate ministry in charge of housing and urban development. I am sure everyone is interested in owning a home, and it is up to the government to make this possible. Every man wants his own little plot of land with a fence round it and a rose garden. That is everybody's dream. We should not get the idea that everybody wants an apartment. We must remember that if that were the case there would be a great confrontation between landlord and tenant—and this can be awful.

I should like to say a word on the effect of high interest rates. The minister has indicated that the interest rate ceiling will be removed. I should like to put on *Hansard* what the Economic Council of Canada said in its fourth

annual review issued in September, 1967, in connection with mortgage interest rates:

> Both Canadian and U.S. evidence suggests, in addition, that the demand for all mortgages is quite sensitive to the interest rates which they carry. Many potential home-owner borrowers, for example, may be deterred by virtue of the fact that a higher mortgage interest rate finds significant reflection in the size of the monthly mortgage payment, particularly given the long term nature of most of the loans now made.

I suggest that if rates increase once we have lifted the ceiling people are not going to be very interested if they are asked to pay 10 per cent, 11 per cent or 12 per cent. No one on that side of the house has yet convinced me that lifting the interest ceiling will bring about a lower rate. I would be apprehensive about getting involved in buying a house knowing that I would be paying off my mortgage for the next 30 to 40 years.

It is worth nothing too that one of the reasons for the drying up of mortgage money lies in the reduction of investment brought about through the Canada Pension Plan and medicare, which was exactly the prediction of the Progressive Conservative party. In addition to this the Minister of Finance (Mr. Benson) has indicated there is going to be a further reduction of investment in mortgages as a result of the taxation of life insurance companies. I do not want to go into that matter because I think the hon. member for Halifax dealt with it. He said that next year there would be some $45 million less available for mortgages from these institutions. The hon. member had the relevant statistics and I do not. But this question is very important, and I hope the minister will be able to give some indication whether my colleague and I are right in this regard.

It seems to me that this government has deliberately set out to impose a heavy economic burden on the individual. No government could have succeeded better in this respect than the present one. The hon. Member for Broadview (Mr. Gilbert) remarked that this type of legislation accommodates big business. I shall have to sit and reflect on that statement and see what effect the removal of the ceiling on interest rates has. Is it going to help the man on the street who wants to buy a house, or those who are interested in lending money for mortgage purposes? This situation will have to be assessed and the members of this party will be watching it with a very cautious eye.

I am sure other hon. members want to participate in this debate, and although I have reams of material and statistics I just want to leave you with one further thought, Mr. Speaker. I think we must be concerned, as I said before, about housing cost. I think the cost can be reduced, first, by removing the pyramiding sales tax. Although the minister is interested in solving our housing crisis it seems that he does not know where necessary money is to come from and which priorities to consider first. Unlike some, I think we have a housing crisis. Why have uniform building standards not been adopted across the country? I understand that present building regulations in force in various provinces and municipalities are causing deep frustration. I also ask the government to consider programs involving research into the use of new materials and new construction methods.

• (2:20 p.m.)

Mr. Pepin: A tremendous amount of work has been done in that field.

Mr. Alexander: In that case I hope the minister will show me that I am wrong in my contentions. I also submit that the government ought to act on the question of interest rates and try to bring them down. Perhaps it might consider some way of allowing people to deduct interest charges from income tax.

May I close by saying that I think the establishment of the ministry I have alluded to is most necessary if the housing problem is to be solved. The minister in charge of the department ought to be responsible for housing as well as for urban development programs, pollution matters, transportation, house financing, the provision of recreational facilities, research into housing and so on. Finally, may I say that in my opinion not only does this bill not meet our problems but it does not even recognize their existence. One reading it might not think that there is a housing problem in Canada.

Mr. H. E. Gray (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I would like to begin by making some comments which perhaps may help in the consideration of some of the points which have been raised thus far by opposition speakers in the debate and give a broader perspective to them in a way that I hope will aid in consideration of this very important bill. And this is a bill to which I give my entire support.

Reference has been made to the effect of the federal sales tax on building materials on building costs. But some, I submit, who comment on this effect greatly overestimate the impact of this tax. The rate of federal sales

tax on most building materials is 11 per cent. That does not mean that it adds 11 per cent to the cost of a house. The amount an individual pays for his home includes cost of land, legal fees and the cost of construction. A substantial part of the cost of construction is in the area of labour costs. But only the materials used in constructing the house bear sales tax on their price. The tax is imposed when the materials are sold by the manufacturer and not at the price the builder pays. Therefore, taking all these factors into consideration, it has been estimated that the present federal sales tax on building materials may add between 3 per cent and 4 per cent to the actual cost of construction.

As the Minister of Finance (Mr. Benson) has said on a previous occasion and as I said during a late show debate not long ago when speaking on his behalf, one must recognize the hard fact that if important tax reductions were made at the present time the public would either have to pay the same amount of tax in some other way or go without some service or benefit which it has come to expect from the government.

Estimates based on the value of production of building materials and related statistics lead to the conclusion that the sales tax on all building materials now yields over $300 million a year. The revenue from materials used in the construction of housing of all kinds is more difficult to estimate but is believed to be in the area of between $130 million and $140 million. Therefore if the entire sales tax on building materials were to be repealed at this time, obviously some equivalent measure of taxation would have to be introduced to replace it.

An exemption on building materials used only in housing would, of course, involve lower amounts, but the sales tax not obtained thereby would still have to be obtained from other sources. Also, it would be very difficult to administer an exemption restricted to building materials used only for housing construction. As we know, Mr. Speaker, the tax is paid by the manufacturer of materials. He does not know whether the bricks, lumber or glass he produces will be used to build a house or factory. It certainly would not be an easy task to differentiate between residential and non-residential use.

No good answer has ever been given as to why the sales tax on construction material should be eliminated right across the board including, for example, the tax on materials used in the construction of luxury office towers or luxury apartments. Speaking personally, therefore, I think it would be better to look at this matter in terms of rebates of sales tax to purchasers of low-priced homes, those selling below a certain price.

The other day, Mr. Speaker, the hon. member for Halifax-East Hants (Mr. McCleave) said that the proposed amendments to the income tax legislation contained in Bill C-191, which alter the method of taxing insurance companies, would have an adverse effect on the supply of mortgage funds in Canada. I believe the hon. member for Hamilton West (Mr. Alexander) who spoke a moment ago made the same comment. These hon. members suggested that since these changes increase the tax on insurance companies to some $90 million and since half of the funds of these companies is invested in mortgages, the change would cause a decrease of $45 million in mortgage funds.

While the new tax could have some effect on the amount of funds invested by insurance companies in mortgages, it should be noted that the managements of these companies are not willing to say yet exactly to what extent they will react to the proposed changes. I therefore find it difficult to see how the hon. members who have made statements to the effect that there will be a reduction in the availability of mortgage funds to the extent they have mentioned can make those statements so definitely at this time.

Indeed, Mr. Speaker, one could argue that the new tax revenue coming from this tax on insurance companies could help the government to make greater amounts of funds available to Central Mortgage and Housing Corporation for housing loans and subsidies than it might otherwise be able to do. Such action would certainly tend to offset any decrease in mortgage investments by life insurance companies. In any event, the amount of $45 million is not that much when compared with the total new investment in mortgage loans, which in 1968 amounted to some $2.7 billion. Also, while the possible effect on the supply of mortgage funds is important it should be remembered that the main purpose of these tax changes is to bring the taxation of the insurance industry into line with the taxation of other investment institutions and thereby improve the equity of our tax system.

I believe the hon. member for Broadview (Mr. Gilbert) made some suggestions about passing legislation to compel financial intermediaries or financial institutions to put a certain proportion of their investments into

mortgages. I think it should be stressed that the federal government is interested in having a greater supply of mortgage funds from the private sector, but the federal government has up to now and is continuing to put its emphasis on creating conditions which will encourage financial institutions to invest more in mortgages for homes. It will also continue its efforts based on discussion and consultation.

I am told that mortgage companies and trust companies at the present time have about 80 per cent of their investments in mortgages. One might ask whether they could go much higher and retain an appropriate degree of liquidity. Life insurance companies I am told have about 40 per cent of their investments in mortgages. One might ask the same question in this regard.

While it is correct to say that banks and some trust companies and insurance companies are under federal jurisdiction, pension funds are mostly under provincial jurisdiction, as are many trust companies and some insurance companies as well. It has been suggested from time to time that provincial laws regarding investments hamper the degree to which provincially chartered institutions can put money into home mortgages.

• (2:30 p.m.)

If this is the case, it would seem this is an area for provincial initiative to make the necessary changes in their rules and laws. Coming from the industrial centre of Windsor, I believe industry should do more to meet the wishes of its employees by seeing that more of their pension funds are made available for mortgages for them and for their communities.

The hon. member for Broadview (Mr. Gilbert) made a rather interesting proposal that the various levels of government should be permitted to begin issuing bonds, the proceeds of which would be used for housing and the interest on these bonds to be deductible from income tax. I suggest this device would be of particular benefit to the wealthy.

There are bonds of this type in the United States. I have seen reports from that country which indicate that some wealthy people there are able to put all of their funds into such tax free bonds and as a result are able to escape paying any income tax at all. The United States government has recently proposed to Congress measures to ensure this situation no longer continues. It is rather surprising to see this type of proposal put forward by a member of the N.D.P. I believe this type of exemption—

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

Mr. Gray: I will be happy to accept a question at the conclusion of my remarks. This exemption will bear heavily on the general population which has to provide the funds for paying the interest and service charges on these bonds. If such bonds were issued and put on the market, they would compete for investment funds with other types of securities. This may have the effect of increasing interest rates. And concern has often been expressed in this house about high interest rates.

The hon. member for Hamilton West (Mr. Alexander) suggested that mortgage interest should be deductible from income tax. This type of proposal has been made many times in the past—that home owners should be allowed to deduct municipal tax payments and mortgage home payments from taxable income for income tax purposes. Advocates of this proposal usually point out landlords are allowed to do this with regard to properties they rent to others and therefore homeowners should be allowed to do the same. While this argument seems superficially attractive, there are weaknesses in it. It is true landlords are allowed to consider interest and other charges such as depreciation, however, they are obliged under our tax laws to consider rental payments as revenue. This law does not apply to homeowners.

If this law were changed and the homeowner had to report as income the rent he pays as a tenant on his own property, perhaps then the argument might be made more strongly that he should be able to claim as deductions from income tax costs items such as the payments he makes for mortgage interest. At the present time he is not obliged to report as income what he pays in rent or in effect the investment income he has from living in his own property. The argument might be made in reply therefor that he should not be allowed to claim the costs.

It is interesting to note as I have said that the proposal to which I referred has been mentioned on a number of occasions in the past. The Carter Royal Commission put forward a number of grounds for rejecting it. I will not go over all these grounds, but I want

to put on the record that the Carter Commission stated in part such a deduction would be of value to homeowners only and would provide no relief for persons who rent their accommodation. This would put the latter group at a considerable disadvantage. This is of some significance as a prime proportion of the low income group rent their accommodation.

Perhaps some of these thoughts may help in consideration of the points to which they are directed, points which are certainly worthy of consideration in the context of this debate. The federal government has been working to give leadership and assistance in the field of housing, particularly since the end of the second world war. The report of the federal task force on housing pointed out that: "more than one-third of the total national production of housing since 1945 has been carried out" because of federal activity in support of housing. In 1968, 196,800 housing units were started and 210,000 are forecast for this year. If this rate continues, the target called for by the Economic Council of Canada and by the task force to fill Canada's housing needs for the 1965-70 period will clearly be met. It appears, looking at the rate of starts in the first quarter of this year, compared with the rate for the fourth quarter of last year, a rate which is much higher, the results in housing of last year will be substantially exceeded in 1969. It is more than likely that this year will again be a record one for residential construction.

These figures help us to keep this question in perspective. It could be said this activity has certainly been stimulated by the additional measures taken by the federal government last year which have been added to the other measures it has put into effect during the past five years.

As an example of what this meant for one particular urban community, let us look for a moment at what this has meant for housing starts in my own Windsor area. There were only 495 in 1962 but in 1968 there were 1,469, the best year since 1965. In the first three months of 1969 there were more than 1,100 housing starts compared with some 200 or so in the first three months of last year.

If one looks at public housing in Windsor, including senior citizens' units there were 909 in existence in 1963. Today, there are 1,691. Under construction at present are 557 units for senior citizens, with a call out for proposals for the construction of a further 200 family units. This increase in public housing has been made possible in my opinion largely through the stimulus of federal government measures implemented in the last five years. And yet, in spite of these efforts and what they have brought about, there still is not a supply of decent housing at a reasonable cost sufficient to meet the demand for it in Canada today—a demand reflecting our rapid urban growth in recent years.

[Mr. Gray.]

The director of research for the city of Windsor, Mr. C. T. Ouellette, has recently conducted a survey which shows applications for 835 family units and 919 senior citizen units on the active waiting list for public housing in Windsor today. Similar examples can be gathered from almost every urban area of any size in Canada. Obviously, there is certainly more that has to be done. The Canadian people understandably are calling for further action. I think that in presenting this bill at this time the federal government is responding in a positive way to this call for action. Its aim is to help bring about a significant improvement in the supply of homes for Canadians.

Let me touch briefly on some of the changes it covers. A number of them in the bill or in the regulations, I expect, will help more people to be in a position to buy their own homes, people who could not afford to consider doing so before. It provides for increases in maximum loans for both new and older homes, with the effect of lowering the down payment and lessening the need for expensive second mortgage financing. There is an increase in the maximum amortization period to 40 years. This will help bring about lower monthly payments. The reduction of the mortgage insurance fee by 50 per cent will certainly bring about a reduction in cost.

A needed and important change is the increase in maximum loans for older homes. This will help eliminate second mortgage financing which adds to the cost. This step helps bring home ownership more within the means of people with lower incomes who are more likely to be able to afford the prices at which older homes are offered.

This provision, together with another making possible federal loans for the acquisition and rehabilitation of existing homes in urban renewal areas, will help bring about a more effective use of our existing supply of housing. All this means that more of the new homes that are being build will be bringing about an absolute increase in our housing stock instead of simply replacing houses which are torn down during urban renewal, as was the case all too often before.

The removal of the provision tying the ceiling on interest rates for N.H.A. mortgages to rates for short term federal borrowing is aimed at encouraging more private funds to be available for home mortgages. It is hoped that by letting the rate find levels based on market forces there will no longer be the same drying up of funds for housing mortgages that used to come about from time to time in the past, when lenders found more attractive opportunities elsewhere. At the same time one looks forward to the government's anti-inflationary measures bringing about a downward pressure on interest rates. And one should not overlook the fact that another recent change in the regulations provides a five year roll-over for N.H.A. mortgages, enabling the borrower at the end of the five years to seek a more advantageous rate if it is available at that time.

• (2:40 p.m.)

The bill rightly reflects the government's desire to give first priority in its policy to meeting the housing needs of low income groups. And the government is therefore also rightly applying this same priority in the way it will be carrying out its own program of direct lending and subsidy payments for housing.

It is extending the bounds within which it will make loans for limited dividend projects, and projects developed by non-profit organizations. There will be much greater scope for action in this field. It will help take care of the needs of people whose incomes may be somewhat above the limits of eligibility for public housing but who are not yet able to find decent housing in the open market, something seen quite frequently in the Windsor area.

These changes provide new opportunities for trade unions, churches, employee pension funds and industrial firms to develop projects with fixed lower levels of rental, and also co-operative housing projects such as the new Solidarity Tower project now being built in Windsor under the auspices of the Union of Automobile Workers with the help of a direct federal loan.

The government was certainly wise in recognizing that the immediate need for shelter for the lower income groups transcended the importance of dealing with the social problems that appear to have been created by the methods of developing public housing previously in use. It is proceeding to allow public housing projects, which had been sufficiently developed so as to be on the verge of construction, to proceed, and at the same time it is taking a wise step by going on to work out new approaches to try to eliminate some of the stigma, the social difficulties, that all too often have been attached in the minds of some to living in public housing projects.

Also the willingness of the federal government to share now with the provinces in the cost of acquiring or renting existing units for public housing purposes, will mean a more effective use of existing stock, as well as a step toward lessening the setting apart of people in subsidized housing from the rest of the community.

The increase in the maximum mortgage to $18,000 for older homes will also open the way to an extent not possible before for tenants in public housing units, particularly those whose incomes have gone to or above the maximum to purchase the units in which they live, another matter of great interest to housing in the Windsor area.

An important factor in the present cost of housing is the excessively high cost of serviced land, and its shortage as well, in our urban areas. The bill makes possible a new form of federal action to help tackle this problem. It will make possible loans to provinces or municipalities—I presume with provincial approval—or to provincial housing agencies, of 90 per cent of the cost of acquiring and servicing land, and this land will then be available not only for the building of public housing but now for the first time for private housing as well. These loans, to be made at a preferential rate and for 15 years, should help lower the cost of homes built on land assembled in this way. The existence of such publicly owned land assembly developments should also, through competitive pressure, help hold back the cost of lots on privately assembled land, and therefore the cost of homes built on them.

This measure illustrates how the federal government is in a position to accomplish more in the field of housing at the present time, by taking into account the realities of our present constitution. Under this constitution, over the years, housing has been considered to be essentially under provincial jurisdiction. Certainly problems connected with it, and other urban matters as well, cannot be dealt with by the federal government alone, or solely under its direction. There are many areas of concern which affect the supply and cost of housing which can be dealt with only by the provincial governments and the municipalities.

Examples of these are matters of zoning, planning assessment and building codes. Now, there is need for action in these areas and this action can come only from provincial governments. There is room for more provincial initiative in these and other areas of policy and administration in the field of urban affairs. There is room for more provincial initiative, at the very least, in taking advantage of financial assistance made available by the federal government for housing to the maximum possible degree—something that has not always been the case in the past—in every province of Canada.

To be effective, to get real results today the federal government's method and scope of action must take into account our existing constitutional arrangements. It is not a matter of getting bogged down in "constitutional niceties" or, as some have claimed, in "hiding behind the constitution", but instead, of a facing up to and a dealing with "constitutional realities". And these realities are that our present constitution exists in a certain form. Until it is changed if we want to get anything done right now in the field of housing, or for that matter in any field of activity requiring some form of government support or intervention, we have to be aware of and work within its framework.

If, and as I think it should, the federal government is to do more than it has been doing until now in the field of housing and on other matters of concern to our cities, then it cannot simply ignore our present constitution. If the federal government attempted to do so the results would be confusion, negative confrontation and complications—certainly not the most effective use of taxpayers' money. In other words, more constitutional court cases perhaps, but not more housing.

At the same time when it comes to housing and urban affairs generally, the federal government should exercise its existing constitutional jurisdiction as fully and as creatively as possible. And to the extent that this jurisdiction is lacking, it must then, through co-operation and consultation with the provinces, work out with them arrangements whereby they would exercise their own jurisdiction to fill in the gaps. This co-operative approach has already been used with success in recent years on a number of occasions. It is being used by the Minister without Portfolio (Mr. Andras) and by the government at the present time to move toward the essential goal of decent housing at reasonable cost for all Canadians.

[Mr. Gray.]

I should mention, however, that it could be that no matter how creatively used, the present constitution may not enable effective solutions to be found for all current problems. Therefore, while federal and provincial governments are doing what they can to fill the needs of Canadians under the existing constitution, it is in the meantime of real importance to increase the pace of discussions on its reform and change.

Shakespeare once wrote, "The people are the city." Today 75 per cent of our people live in our urban areas. With the continuing trends in this direction it could well come to be said that "Canada is the city," because that is where its people will be. This federal government therefore, if it is to continue to be a meaningful and relevant government for the Canadian people in days to come, cannot fail to be increasingly involved, within its jurisdiction, in finding solutions to the problems of urban life. The bill before us today shows how the government is responding in a positive way to this need for involvement.

Mr. Gilbert: Would the Parliamentary Secretary permit a question?

Mr. Gray: Yes.

Mr. Gilbert: With reference to his comment concerning the floating of bonds by the federal government, the provincial governments and municipal governments, would he direct his mind to the statement of the President of C.M.H.C. who said the all absorbing problem is mortgage moneys and that we needed $4 billion for the financing of homes in 1969? On the basis of the performance in 1968 wherein the lending institutions advanced the mere sum of $795 million, and we need about $1,600,000,000 to have them fulfil their commitment of 40 per cent, what recommendations has the Parliamentary Secretary to suggest to increase the amount made available by the lending institutions?

Mr. Gray: Mr. Speaker, I am not sure if I caught the hon. member's figures correctly. I used the figure of investment by insurance companies alone in 1968 of $2.7 billion. Perhaps we are talking about different things, but in any event it seems to me that you do not solve one problem by creating another one.

It would seem to me that before giving tax benefits, which may help the wealthy people more than the people in lower income groups, something which I hope the hon. member would not support, we should explore other

avenues. One of those other avenues is contained in this bill, namely, not to tie the mortgage rate to an artificial level such as the federal borrowing rate, in the hope that this change would stimulate the flow of more private money for mortgages, and also to use the very persuasive and consultative powers of the Minister without Portfolio (Mr. Andras) to persuade more private money to move into mortgages. I am not talking about higher rates but rather competitive ones. I want to see rates come down. I want to see other measures linked with the efforts of the government to decrease the inflationary pressure on the economy and maintain the economy at a high rate, something which has been done very successfully in the days since 1963.

● (2:50 p.m.)

Mr. Gilbert: I have another question, Mr. Speaker. I appreciate the courtesy of the hon. member for Windsor West (Mr. Gray). Would the hon. member be agreeable to having the Bank of Canada increase the money supply by, say, $17 million which is the amount required by the public sector to take care of housing needs.

Mr. Gray: Is it the hon. member for Broadview (Mr. Gilbert) speaking or the hon. leader of the Créditiste party? It is difficult to know which. I am surprised that this type of suggestion is put forward so quickly—I shall not say "glibly", because I do not want to appear to be unfair—since I feel he is sincere and wants to do something about solving the housing problem.

Mr. Gilbert: Just answer the question.

Mr. Gray: I think I did so in the first part of my reply. I believe we must be careful not to do things which will increase inflationary pressures and decrease the value of the money. It is worth looking at, but at first glance it would appear to be like something that would be put forward by the leader of the Créditiste party rather than by the New Democratic party which claims to have some degree of realism in the field of economics.

Mr. McCleave: Mr. Speaker, I also have a question for the member who just spoke. Because he is parliamentary secretary to the Minister of Finance (Mr. Benson) do we take from his remarks that an official position is being stated to us, namely that the Carter royal commission recommendations in respect of abolition of the 11 per cent sales tax has now gone by the board, or was he expressing a personal opinion?

Mr. Gray: The hon. member has been in the house a number of years and knows that when tax changes are to be made they are put forward in the budget presentation. I am putting forward to the house and for the record some of the difficulties which would seem to make across the board elimination of the tax inadvisable at this time. As I said I do not know why the hon. member is so interested in taking the tax off luxury apartment buildings and big office towers. I did not know that these people need the help. I thought it was needed by those in the lower income group. Although I thank the hon. member for what might be a compliment, in spite of my official position I must say that any announcement of tax charges will have to come from my distinguished senior colleague, the Minister of Finance, in the usual and proper way.

Mr. Steven E. Paproski (Edmonton Centre): I agree wholeheartedly with all the great statements expounded by my colleague the hon. member for Hamilton West (Mr. Alexander) because there is no other issue in the field of urban policy which reflects the urgency that is now felt than does the failure of the government to act on housing. We have had ministers and parliamentary secretaries quote statistics. Well, let them do what "turns them on", but comforting statistics are no substitute for a roof over a person's head.

I say there is something dishonest in ministers and parliamentary secretaries rising to give fulsome statistics on the number of housing starts when they know that proportionately very few are single family dwellings and the majority are out of reach of the average Canadian. We heard the Prime Minister (Mr. Trudeau) say in this house there was no housing problem in Canada. He went to great lengths to prove his point. I am sure, as many Canadians are sure, that his speech did not result in providing a home for a single family.

The fact is there is a problem. It is serious and because of government refusal to accept the problem, it is growing more serious daily. You cannot just have housing for the wealthy, yet that is the policy followed by this government. They will provide homes for the rich but nothing for the moderate income groups and the poor. I say to the Prime Minister there are poor people in this country. I do not mean people who make less than $20,000 who might be considered poor in the eyes of the rich man's cabinet which sits over

there. I mean real poverty, abject poverty. It is a serious and growing situation.

What happened to the war on poverty? It was lost without a shot being fired. The Prime Minister must learn that poverty is no respecter of racial barriers. It is the same in every language. Bilingualism is no defence against poverty. Poverty is the same in Alberta as it is in Quebec. What is this rich man's government going to do about providing homes for those who cannot afford to house their children? The Prime Minister has never satisfactorily answered the devastating criticism launched by the former minister in charge of housing.

I want to say that the member for Trinity (Mr. Hellyer) was sincere. He had an honest and sincere desire to improve housing conditions for Canadians. As he said in his statement and in his letter to the Prime Minister, he was touched by the plight of thousands who are poorly housed, ill fed and badly clothed in the big city ghettos of this nation. He was alone in that cabinet in being touched by these problems. Nobody else gave a tinker's dam, so he was forced out. This government has pursued a housing policy dictated by the big builders, completely ignoring the interests of individuals.

Why did we leave the field of public housing? No matter how the Prime Minister may protest, the government's record in public housing is disgraceful. The government is now facing up to the situation and is going into the housing business in co-operation with provincial and municipal bodies by building public housing units at low rents where they are required. I say it is about time.

Only by some such positive and drastic action will the price of homes be brought down. The government should act immediately to remove the iniquitous 11 per cent tax on building materials. We have been told by the former minister of the Prime Minister's reluctance to act, of his falling back on constitutional excuses as a refuge against taking needed action. I say to the Prime Minister the constitution must not become a straitjacket strangling the possibility of necessary action. People come before constitutions.

The disastrous aspect about present government policy, of which the housing failure is a part, is that the government is following a restrictionist policy which is now going to become still more restrictionist. What this country needs is a policy of expansion providing incentives to investment and development; opening the north; maintaining a Canadian presence, pushing forward the frontiers of science and increasing the level of prosperity and national income for every Canadian. No nation ever worked its way to greatness with welfare policies alone.

In order to save free enterprise in this nation we will have to produce more, save more, invest more and take steps to cut taxes. Taxation is crushing the life out of the economy and the government is responsible. We are told glowingly that all levels of government are spending something like $1,200 for every Canadian. It would be more accurate to say that all levels of government are taking $1,200 away from every Canadian. This is reflected in a loss of incentive and prosperity which is being siphoned away from the citizen by tax-drunk governments which do not know when to quit. There is little to choose between the high tax welfare and regimentation policies of this government and outright socialism. The government has allowed itself to be overtaken by racing urbanization in the 1960's. While the Prime Minister (Mr. Trudeau) and his cabinet are preoccupied with arid constitutional speculations thousands are without homes. The government is lagging badly in the social reconstruction required for the buoyant 1970's now on the horizon.

• (3:00 p.m.)

According to the Economic Council, Canada's population will reach 26 million in 1980, 33 per cent higher than the 1964-66 average. Personally, I regard this as a conservative estimate. Projected figures for total national income show that national income in 1980 will be double the 1966 figure although, in real terms, it will only be 50 per cent higher because of the continuing erosion of inflation. This means that in 10 years we will have lost 50 per cent of our prosperity because of the government's failure to deal with inflation.

It is not enough to say that this government has failed to produce policies to deal with inflation. The fact is that the government's policies have produced inflation on a scale never known in this country in peacetime. The Canada Pension Plan and medicare, as well as huge and irretrievable non-productive government expenditures over a ten year period, have blown up the inflation balloon to a point where it is out of control.

We are now faced with a stagnation of western economic prosperity because the government allowed our world wheat markets to be taken over by the United States, and while prices continue to rise we face a drop in income. This is what the former Minister of

Transport meant when he said the government would not deal with real issues.

Housing in the major issue in this nation at this time with which the government has failed to come to grips. Always working on behalf of the big financial interests, the government has taken steps to remove the interest rate ceiling on N.H.A. mortgages, opening the door to usury. Let no one be deceived that the financial houses will not take advantage of this situation. What has happened to the bank rate since the present minister of external affairs, who was then the Minister of Finance, took the ceiling off the bank rate? He said it would come down but it has done the opposite. It has gone up 50 per cent. Instead of raising the interest rate the government should be making direct loans for public housing—well, it is allegedly doing that now but I have yet to see it—with no interest charge whatsoever. That is the only way people in this country earning less than $8,000 annually will get homes.

In ten years, gentlemen of the rump, the N.H.A. rate has gone up from 5½ per cent to 9⅝ per cent, and this government is responsible. Now it is taking steps to push rates even higher at a time when banks are showing the greatest profits in their history. No one can say this government is not a friend of the big financial interests.

The estate tax alone will destroy thousands of Canadians and Canadian-owned small businesses across this country. The Prime Minister says there is no housing problem, although the purchase price of an average house has doubled in ten years. Not everyone can live at 24 Sussex. The government has completely ignored the warning in the fourth annual review of the Canadian Economic Council which reads:

> Many potential home owner borrowers, for example, may be deterred by virtue of the fact that a higher mortgage interest rate finds significant reflection in the size of the monthly mortgage payment—

This means that the higher the rate, the fewer the borrowers. This may be known as "Paproski's Law". This is what the government has done. It has frozen out the little man. It has told him that it could not care less. As far as the Prime Minister is concerned, there is no problem. The little man can live in a hovel. That is not good enough for this party.

Canadians are demanding lower, not higher N.H.A. rates. They are demanding removal of the 11 per cent sales tax on building materials which has pyramided the cost of homes. What does the minister and his parliamentary secretary know about the cost of housing? Have they ever built one? I was in the construction game and I should like to help these gentlemen if either of them would like to meet me behind the curtains after this sitting.

The people in Canada are demanding government action to bring down prices for the benefit of the individual. They do not want the government to keep pushing up prices for the benefit of its friends and supporters in high places. The former minister was right. The government has wasted its time on secondary issues and has failed miserably to deal with the housing problem affecting hundreds of thousands of citizens in every province.

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, in his speech on Wednesday, the hon. minister responsible for housing placed particular emphasis on housing for low income Canadians. His decision will certainly help in alleviating their present condition. I believed that the minister's priorities have given housing new momentum and Canadians new hope. I shall speak today about Metro Toronto because it is the city I know best, but I have no doubt that similar situations are occurring now or will occur in the future in other parts of Canada. I intend to speak mainly about public housing.

Two years ago a research study of housing needs was commissioned by the metropolitan Toronto planning board. Because of the complexity of the subject matter and the changing conditions of the housing market, this study was completed only in March of this year. This study reveals that for the period starting in 1966 and ending in 1981 there will be a need for approximately 95,000 public housing units in Metro Toronto. This figure is in respect of families of three or more persons with an income of up to $5,640 per annum and experiencing one of four housing inadequcies. The first is an inadequacy resulting from poor structural conditions either alone or in combination with overcrowding. The second is an inadequacy due to poor condition and occupancy by one or more families, either with or without overcrowding. The third is an inadequacy due to occupancy by two or more families, with or without overcrowding, and the fourth is an inadequacy due to overcrowding alone.

This estimated need of 95,000 public housing units was surprisingly high and it required careful study. A criterion was developed for this purpose. They called it the

effective demand ratio. This is the proportion of the total number of eligible families who have applied for public housing and who would accept it when offered to them. This ratio, however, is subject to change. It depends on the availability and acceptance of public housing, on the waiting period, on the choice of location, on the type of dwelling, and also on public awareness. At present it is approximately one to three, which means that one of every three families on the waiting list would accept housing when offered. This ratio is important to planners, administrators, and politicians if they are to forecast the needs for public housing. Perhaps it is important enough to warrant a study under the auspices of C.M.H.C.

After having applied this ratio to the number of public housing dwelling units needed in Metro Toronto for the ten year period from 1971 to 1981, the report recommended 3,500 dwelling units per year over a period of ten years at a cost of $56 million per year in 1969 values. This recommended long term provision of 35,000 dwelling units of public housing for Metro Toronto would go only part way to meeting the housing goals of the report.

The report states that there are 47,000 families who would not apply for public housing but who would still be living beyond their means and in inadequate housing. It also reported that there are a further 134,500 families in middle and lower income brackets who would be unable to afford adequate housing in the open market but would not qualify for public housing under present policies.

• (3:10 p.m.)

Here we hit on the importance of housing programs in the private sector which produce the importance of producing cheaper housing on a large scale and eventually reduce the pressure of the demand for public housing. I refer to low cost, low down payment, condominium projects as at present proposed, and others. Two other factors make the metro Toronto situation rather unique. One is the shortage of suitable sites for housing projects. Metropolitan Toronto is quickly running out of land on which to build. It is becoming obvious that some publicly assisted housing will have to be built in the growth areas of the fringe municipalities.

The second factor relates to the fact that present provincial legislation limits the action of the Ontario Housing Corporation to those municipalities which, like Metro Toronto, have requested a supply of such housing. It is unlikely that the municipalities in the fringe metropolitan area would request the Ontario Housing Corporation to construct any publicly assisted housing to meet Toronto's demand. The only reason for a request from the town of Mississauga for public housing was a demand from its residents. The situation could be improved only by enlarging the political and economic responsibilities of the metropolitan corporation of Toronto, but so far the provincial government has opposed this suggestion.

In his closing remarks on Wednesday, the minister welcomed suggestions. I shall try to submit a few on the subject of public housing. But before doing so, Mr. Speaker, allow me to look for a moment at the success the private housing industry has had in the provision of apartment buildings. What are the reasons? They are probably these: No. 1, they are conveniently located; No. 2, rents are in fair proportion to the average income; No. 3, there is the ability to offer tenants a wide range of amenities from shopping centres to swimming pools. Our existing legislation for public housing has so far been pretty dull. If we wish to achieve a reasonably successful public housing policy in cities where land costs are almost prohibitive we can learn from the approach adopted by high-rise developers.

If our new legislation reflects the social needs of people living in public housing projects, we will be making progress. For instance, our new legislation could recognize the indispensability of day nurseries in a public housing program, of recreation rooms, of workshops for adults, of recreational areas and adequate open spaces for young people. In co-operation with provincial and municipal authorities, our new legislation could recognize the indispensability of guidance and counselling services in public housing projects in order to assist people to find their way in our rather complex urban life; it could provide guidance and information on the services offered by governments, schools and volunteer agencies, including the increasingly important question of consumers' rights. It seems to me, Mr. Speaker, that these services are relevant if we are to have well integrated public housing projects.

Like other major national policies, the success of a housing policy rests upon the co-operation of federal departments and other levels of government. I shall devote a few remarks to this aspect later. Investment measures aimed at reducing speculative actions were outlined on Wednesday by the minister. In addition, we must find fiscal measures

with the same objective in mind. But this is not the only area of federal responsibility. To house Canadians we need the help of the Department of Transport to develop commuter services into our growing cities. This could sometimes be done by utilizing existing railway lines.

Another federal department which could be helpful in relation to housing is the Department of Manpower, by intensifying its efforts in attracting people to smaller Canadian cities so as to alleviate the pressure for housing in the metropolitan areas. The Department of Regional Development is already helping to bring jobs to Canadians, rather than Canadians to jobs.

Mr. Speaker, I shall now put forward some ideas on the role other levels of government can play in housing Canadians in the coming years. The Assessment Act in the Province of Ontario is a fairly good example of the point I wish to make. It is an outdated act, rurally orientated and blissfully unaware of urban requirements. It penalizes improvements to houses except for a coat of paint; it permits the kind of land speculation we have had in metropolitan Toronto; it offers incentives to demolish buildings and convert them into parking lots, thus adding to urban congestion. Probably other provincial acts affecting housing are in need of revision.

At the municipal level, particularly in Toronto, much could be done. For instance, statistics show that during the last five years houses in Toronto have been demolished at the rate of about 1,000 dwelling units per year. Demolitions have taken place mainly to make room for high-rise buildings, schools, expressways, parking lots, and so forth. Today's housing shortage in Toronto would be a modest one had we planned to encourage high-rise buildings on vacant or commercial lots, keeping the houses we had rather than demolishing them; had we discouraged the construction of cross-town expressways and instead given impetus to public transportation in order to make it highly competitive and reduce the pressure for highways.

Here is another example. I know of one municipality which has gone so far as to prohibit two families living in houses which have a frontage of less than 40 feet. This is the effect of an incredible by-law enacted over ten years ago in the borough of York in Metro Toronto. It is a restrictive measure in times of increasing demand. This is another law at the local level which requires close scrutiny. With sufficient knowledge of the subject, one could probably prepare a long list of pieces of legislation enacted at other levels of government which have had a negative effect on our housing policy. Perhaps each of us in this house can play a role in our own constituency and assist the minister in his efforts. But at the same time, I hope funds made available through Central Mortgage and Housing Corporation will become the medium to effect better planning. After all, if we are to offer the funds we should ensure that they are spent in the best possible way, and that we exercise some indirect planning powers.

Mr. Gilbert: Mr. Speaker, would the hon. member permit a question? The hon. member directed most of his remarks with regard to the housing problem to metropolitan Toronto. I know he is a counsellor of the city of Toronto. I wonder whether he would persuade city of Toronto officials to sell the Langstaff property to either the Ontario Housing Corporation or Central Mortgage and Housing Corporation for public housing purposes. As he knows, in Toronto there is a waiting list of 16,000 for public housing.

• (3:20 p.m.)

Mr. Caccia: I am glad to report in reply that two months ago we were successful in stopping an attempt to sell those farms to private developers. At that time we hoped that legislation would come from the federal government permitting the acquisition of large tracts of land. If the amendments which the minister announced are approved when the bill comes before the house for third reading, they will provide an ideal opportunity to do something along the lines suggested by the hon. member, or something very similar to what he has in mind.

Mr. F. J. Bigg (Pembina): Mr. Speaker, I think this is probably the most important debate that has engaged the attention of the house in this session. I think that whether or not the crisis in housing is recognized, and whether or not a smokescreen has been raised in any corner of the house or outside the house, housing next to security in our country is the greatest keystone to freedom. When a man owns his home and can live in it securely with his family, then you have the keystone to the survival of freedom in the western world. Until the head of every family in Canada has at least the opportunity to own a home, one cannot say that he has either freedom or a real stake in the country. It is one of our prime goals to do the best within our power to ensure that the opportunity is given

to each man to own a home. I do not think, because I am not a socialist, that it is our duty to provide that home for him. However, in certain cases where we have made it impossible for him to provide it for himself, I think we should take emergency measures to provide temporary homes of some kind.

When I was the member for Athabasca I had 21 Indian reserves in my district, and not one of them had adequate housing. I would go further and say that out of the 21 reserves not more than three had any decent housing whatsoever. There were probably 18 that had no good housing and only three had any decent Canadian housing. I am sure that hon. members will bear with me for mentioning this because this is the area where the shortage is most acute. By their own lack of foresight when they drew up their treaties with us, these people have failed to ensure that we give them the opportunity to obtain homes for themselves. Perhaps in a situation such as this we must step into the housing field and provide shelter for these people until they obtain full citizenship rights and are able to provide it for themselves.

So far as economic ghettos in our cities are concerned, and they cannot be called anything else, we have also been neglectful in this respect. All governments can be blamed for neglect in this area. Nobody wishes to take the blame for it, but I do not want to see any more of the constitutional smokescreen being thrown up.

I have not always seen eye to eye with the hon. member for Trinity (Mr. Hellyer), and I do not suppose if he were to come back as minister responsible for housing I would see eye to eye with him. Nevertheless, I think he made an honest attempt to cut through the smokescreen and to let in some fresh air. At least to he took some positive and definite action by travelling across the country and talking to people who were involved. His task force came up with a report which should not be ignored. In the amendments to the act which appear in Bill C-192 the government, after having got rid of the former minister of transport, accepted the advice contained in the report of the task force and is now belatedly trying to plug some of the holes in the act. Not only should they have seriously considered the report but they should have acted on most of the recommendations contained in it. I am quite sure that even if they were not able to act on most of the recommendations because of constitutional limitations, both the provincial and municipal levels of government would have been more than willing to go along with a great many of the recommendations in the report.

I do not usually trot out my legal knowledge, but my main reason for taking legal training was to find out exactly what roadblocks the constitution of Canada sets up in matters like this. I can say that our constitution is sufficiently flexible to allow men of goodwill to get around any constitutional hitch there may be in our efforts to take action for the welfare of our country. It is not the constitution which is wrong but rather those people who try to use it as an obstruction and as an excuse when they are either unable or unwilling to handle the matter.

The problem does not only lie in providing enough money for housing under the N.H.A. We might use all the money in the treasury and things might still go wrong. I happen to think like the last member who spoke. I was glad to hear a member on the government side have the courage to say that not everything is well and that not all the wisdom is concentrated on the front bench opposite. I do not know whether C.M.H.C. has been allowed to use its initiative and I do not think that members of the house who have been in support of bills to provide more money for housing under the N.H.A. ever intended any of the money to go into high-priced high rise apartments. That is not the kind of emergency measure to which I am referring.

The large corporations of Canada, whether they are publicly owned or whether they are owned by the tycoons of industry, can well afford to raise money on the Canadian, the United States or the international markets, to build the high rise apartments of their choosing, with penthouses and rents ranging anywhere from $200 to $1,000 a month. They would do that no matter what C.M.H.C. says. In my opinion it would be a misuse of public money to give it to those people who already have a monopoly in the money affairs of our country. They should not be allowed to dip into the treasury.

I believe it is the intention of this parliament to make money available to the young married couples in Canada, particularly to those starting out in life who wish to own a home of their own and who do not want to be saddled with debts for the rest of their lives. There are many things that the constitution allows us to do to ensure that the explosion in the price of land is stopped. It cannot be stopped by allowing unfettered ownership and use of the land by private industry. We have restricted the so-called liberties of man

before now in cases where there have been abuses.

In my opinion, the exploitation of land adjacent to the large metropolitan areas of Canada is a standing disgrace. We are all too ready to complain about our labour unions when they go on strike for higher pay. If one has to pay $300 for rent one has to get sufficient pay somewhere, unless one is ready to steal the money. The only way that I know to get the money is to ask for more pay, but industry is not that anxious to give it to you unless you are ready to make a strong demand. I am quite sure that if we could ensure reasonable rents, there would not be so much need for strikes. The question of housing is tied in intimately with our whole economic structure, and our economic structure is tied to our so-called ideologies. "Revolution" is a word I hear bandied about. If you are a super-Conservative you join a revolution against the working man, and if you are a working man you revolt against the blue-blooded tories, and so forth. I agree with revolution, but let us have a revolution against the hidebound idea that some people do not have as much right as other people to make a decent living and to live as well as the other fellow in the country. This kind of revolution I will join.

• (3:30 p.m.)

There is a need for this kind of revolution on the front benches opposite as much as in the extreme left side of the house where we often hear of men's duty to each other. Whether or not their methods are the right ones is another argument. However, I do not want to get into that argument today. Instead, I want to explore the housing problem. I do not think we are taking a proper look at the way to balance the economy of Canada. It is the avowed purpose of this government, it seems, to close down the small family farms. If these farmers are driven into the cities we just cannot forget about them. The housing problem is not going to solve itself. If it is government policy to drive the farmers from small family farms and fishermen with small operations into the cities, then we must have a housing policy to deal with the situation. Housing is the second most important thing in life. The first is personal freedom, and the second is shelter for one's family and food on the table. Without that you have trouble.

It is to the credit of the Canadian people that we have not had far more trouble than we have. Lack of housing is something that gets into more corners than racism or language rights. For my own part I would not particularly worry which language my children spoke so long as their stomachs were full. If my children did not have food I would do almost anything to get it. I will compromise on language and culture, but I will not compromise on empty stomachs or on a system of government that deprives my children of an opportunity to be decently housed. How people can be so patient when we frustrate them, I do not know.

We do not have 20 years to think about this problem. If we do not solve it we will be replaced, and if we are not replaced we should be. Therefore, let us get down to brass tacks and make sure that the funds are available through C.M.H.C. to build houses. Let the Minister of Finance (Mr. Benson) not tell us there is something sacred about interest rates, because there is not. After all, money is artificial. It has no value at all except among Canadians, who honour the piece of paper on which a certain value is printed. We could have a gold standard, a timber standard or a fish standard. What the Bank of Canada does is to honour a promissory note. I think the Social Crediters are right when they say money could be made available free of interest. Under our law money could be made available at a reasonable rate of interest if we wanted to pay the price and made sure exorbitant profits were not made.

Coupled with a housing policy there must be a monetary policy, an economic policy. We must develop basic industries like farming, fishing and lumbering. We must think about conservation. If our young people want to stay on relief all summer instead of fighting forest fires, or patrolling our forests, or being surveyors, then this means we have lost our grip in terms of pioneering, of working with our hands. Under such conditions the price of housing will go up. There is no magic about this; we must have timber to build houses, and we must have it at a reasonable price.

One hon. member made the point that the sales tax on building materials does not really affect the price of a house. I submit that is patently ridiculous. I agree we must get revenue from somewhere, but I question that this is the proper place to raise it. I have never questioned the right to tax me for the liquor I drink, and I am not a teetotaller. Luxuries like this are a perfectly proper place to raise taxes. But I do not think taxing the bricks and boards with which I try to build a modest home for a modest family is the proper place.

The hon. member suggested, if I understood him correctly, that instead of the tax being 11 per cent, in effect it represented only 3 per cent on the cost of the home alone. It seems to me he is looking at the problem through the wrong end of the telescope. I suggest the 11 per cent grows to 14 per cent, 16 per cent or even 18 per cent when one thinks of mortgage cost. By the time you have finished paying off your mortgage you have paid double the value of your home. Every time you put on another tax the price increases. As I said before it is a vicious circle. If you charge your tenant too much rent, he will want too much for wages.

I have done a lot of criticizing and my suggestion is this. Having provided more money under the National Housing Act for mortgages as a stop gap measure, the government must now turn its attention to restoring the country to full employment. We must train people for employment, and this should be part of our policy. We must not put all our eggs in one basket. Since we have put more money into mortgages under the National Housing Act we might also put more money into trade training and into research.

I am glad to see that under this bill some money is set aside for research into housing. A great deal of the wealth that will come into the coffers during the next 20 years will originate north of the 60th parallel. Housing is going to be a problem in the north, perhaps forever. Money for housing will not come easily in the north. Therefore, we shall have to pick up the tab and provide housing in the north for construction workers, explorers, government employees and other people. I think that is a fair tax upon the government purse, because it is in this way that will expand the Canadian economy. Through the expenditure of a few extra hundred millions on housing we will produce more minerals, more oil, more timber and fish, as well as more security.

We cannot expect private industry to underwrite the cost of building houses at Coppermine, because as soon as the Coppermine Company has taken all of the minerals out of that area it will move on to another area, as was the case at Elliott Lake. Therefore, I suggest we should examine the possibility of providing mobile homes, or aluminum homes, properly insulated which can be taken into the north by snowmobile or tractor. Then, when a company is ready to move to the next mine these mobile homes can be rented to the next developer.

[Mr. Bigg.]

I do not think we should be so wooden about this. We should not throw up our hands and say we cannot get mortgage money, and therefore we cannot develop the north. What we require are the proper houses with the proper type of financing. Let us hear no more about northern development being impossible because our forefathers in 1867 did not understand atomic energy and other substances that are being produced at Coppermine River. We can supply the answers if only we use our brains. This is the right attitude for progress. Let us put first things first. Let us spend a little less time empire building, standing before the mirror and sitting before T.V. Let us spend a little more time solving our problems, instead of dreaming up fancy notions about why we cannot do so.

• (3:40 p.m.)

[*Translation*]

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, a few years ago, the Liberals, then sitting on the opposition side, missed no opportunity to criticize the legislation introduced by the government, nor to jeer at the future envisioned by the then Prime Minister, the right hon. member for Prince Albert (Mr. Diefenbaker).

Even though this government has been in power for only a few months, it is time to point out the inaction, the idleness and the incompetence of those who are administering the country, particularly in the housing field.

The expression "the great illusions" would describe perfectly the policy and the legislation brought forward since the opening of parliament. As you know, the word "illusion" comes from the Latin word "illusio" and from the Latin verb "illudere" which means "to mock at". It is defined in the dictionary in these terms:

> A perception that represents what is perceived in a way different from the way it is in reality.

Therefore, according to that definition, in introducing the housing bill, the government is creating illusions. They are treating the people with derision and contempt. The government is trying to make us believe that the moon is made of green cheese. They want to give hope to the people with Bill C-192, but in fact they are not fooling anybody. This is a deceiving bill. They are simply deluding and deceiving themselves, because we know what they are driving at, when they bring in hastily and at full steam a put-up, incomplete and inadequate bill which is not going to

meet the housing needs of the people of Canada.

Mr. Fernand Beauregard, of the newspaper *La Presse*, made a very good analysis of the reasons for the ruthless introduction of this bill. After having briefly considered the main provisions of the bill, in the April 30 issue, he concluded his article as follows:

> Coming less than five days after the resignation of the minister Paul Hellyer, in charge of housing in the cabinet, the tabling of this bill will undoubtedly lessen the concern of those who deplored the procrastination of the Trudeau government about the housing problem.

According to this newspaperman, the bill will not result in more houses being built, in Canadians getting more decent and more reasonable dwellings, but it will lessen, and I quote:

> —the concern of those who deplored the procrastination of the Trudeau government—

—about the housing problem.

And the article concludes as follows:

> All seems to indicate anyhow that the Prime Minister has speeded up the introduction of that bill, in order to make it more difficult to accept at their face value the reasons put forward by the Minister of Transport to explain his resignation.

We realize that the people are not taken in, nor are the reporters who, however greatly they contributed to create Trudeaumania or Trudeaulatry, are beginning to detect the clearly political intentions behind the government bills.

We can only hope that the reporters of the written and spoken press will continue in that direction and will not be afraid of fustigating governmental policy, especially in the case of legislation such as the bill now before us.

In short, what does Bill C-192 say? What does it offer to alleviate the housing crisis which prevails in Canada? Here are its main provisions: It increases the amounts available under the National Housing Act; it extends, for some types of loans, the repayment term; finally, it eliminates the ceiling on the interest rates for loans granted under the National Housing Act.

The bill under consideration, as most of the others that are considered in the house, except perhaps the omnibus bill, deals only with financial matters. In other words, it admits that members of the Ralliement créditiste are right in saying that the financial problem is the main problem in Canada, in provinces as well as in municipalities.

This bill deals only with loans, repayment, repayment terms and interest rates. All those questions pertain to finance and are related to the monetary problem. Therefore, we cannot blame the members of the Ralliement créditiste, who contend that the financial problem is the most important we have to solve, to take part in this debate, which bears exclusively on financial questions.

The housing problem is a financial problem. The Hellyer report on housing and urban development, at page 13, deals with this urgent question. Urgency is the word which permeates the whole report. Secondly, the report deals with the interest rate increase, but not as extensively. The report says, and I quote:

> Urgency. That certainly is among the strongest of the Task Force impressions. The need to act while reasonable action is still possible. Many Canadians, whose needs are of yesterdays, want adequate housing today and not tomorrow. Theirs is the voice of frustration that no longer will accept the explanation that it is "that other" government's responsibility to act. Theirs is the growing anger of people who, amid the material plenty around them, refuse to wait that "little bit longer" for their minimal share. In a world of rising need and increasing expectations, a bit more and a bit better are not good enough.

And immediately after, the Hellyer reports deals with what follows, and I quote:

> The Task Force is convinced that Canada has the resources, material, technological and intellectual, to meet these needs and problems.

Mr. Speaker, that is what the Créditistes have always maintained. Canada has the necessary material and technological resources to meet those needs and problems. Canada has all the manpower needed to build houses. In fact, thousands of unemployed workers are anxious to find jobs; thousands of construction workers are unemployed and would be very glad to build houses for Canadians who need them.

Canada now has engineers, architects and technicians capable of conceiving harmonious housing projects where Canadian families will be housed decently.

We also have building materials. Canadian cement plants, for instance, are only producing at 75 per cent of their capacity and steel plants are able to turn out iron, steel and any other ferrous metal. Lumber dealers are ready to sell the logs which are piling up in their yards. The Canadian forest industry is only too happy to produce more lumber and to meet the needs of Canadians.

Mr. Speaker, the Hellyer report also said, and I quote:

> The Task Force is convinced that Canada has the resources, material, technological and intellectual, to meet those needs and problems.

National Housing Act

The Hellyer report is excellent. It was presented to us, here, in Parliament. I want to congratulate the man responsible at that time for the housing program. I believe he is a very courageous man. The work he did was tremendous in finding what we have known for five years.

As I have just said, I agree with the task force when they state that Canada has the material and technological resources to meet the present demand for decent housing for Canadians.

But when I read the bill before us, that is Bill C-192, I doubt that Canada has the intellectual resources to use these natural and technological resources because the government is unable to make the mental effort necessary to make available to those who want to build homes, the financial resources of the Bank of Canada. As a matter of fact, the government refuses to adapt the financial system to the physical realities of this country.

The intellectual resources are lacking, I say. Intelligence is wanting among the authors of Bill C-192. Larousse says that intelligence is the ability to perceive, to understand. The government will not recognize, understand and make financially possible what is physically possible and morally desirable, and this because their minds are unable to understand or perceive.

However, when applying the philosophic principle according to which whatever enters the mind first enters the senses, we must admit that the sensory perceptions of the Liberal members are obviously defective since those members have eyes that see not and ears that hear not. Mr. Speaker, if their intelligence is not functioning, if it is not aware of the means to solve financial problems, it is because they fail to see and they do not want to understand. In short, their ears are plugged and I would even say they are "controlled". By whom? By big capitalists who are eager for returns on their capital and who thus increase their income.

• (3:50 p.m.)

We shall then try again to unplug their ears, to open their eyes and to teach them the créditiste language in financial matters.

At page 31 of the Hellyer report regarding the availability of mortgage funds and the increase in interest rates, one reads:

> To secure an adequate supply of mortgage funds is not necessarily to ensure that such funds will be available at rates of interest which bring housing costs within the range of the average Canadian wage-earner. Indeed, there seems no question that the sharp rise in its cost during the past 30 months has been the largest single factor in placing the price of home-ownership beyond the reach of many middle-income Canadians. A rise of one percentage point in interest rates adds more than $9 to the monthly payment on a $15,000 25-year mortgage. A two percentage point increase in the same mortgage raises the monthly payment by some $19 and the total cost over 25 years by about $5,700.

Further, it is said quite timidly, and I quote:

> If the cost of money is easily identifiable as the major factor in the rising price of housing in Canada, it also unfortunately is the most difficult problem for which to find a simple solution. There are no simple solutions . . . Something can be done and the Task Force is urging to do it in the strongest possible terms.
>
> Mortgage interest rates must come down. The alternative is to continue to deny large numbers of Canadians access to the housing market or to face the prospect of government action unpalatable in force or cost.

Mr. Speaker, after all that procrastination, those delays and those labour pains, the Hellyer Task Force gave birth to a mouse, which the Prime Minister (Mr. Trudeau) did not abort, but instead rushed to deliver that it might be, as expressed in section 195(1) of the Criminal Code: ". . . completely proceeded, in a living state, from the body of its mother whether or not it has breathed, it has an independent circulation, or the naval string is severed". And so the government gave birth to that mouse in order to solve the financial problem of those who want better housing, and so that the interest rate on loans granted under the National Housing Act might freely find their own level in the financial market place.

That is intelligent but irresponsible control. In a trice, the Task Force rejects the idea of subsidizing interest rates, on the ground that it would cost too much in annual subsidies. Subsidies would cost—states the report—starting with four per cent for those earning less than $4,000 a year and dropping one percentage point per $1,000 up to $7,000, "more than $60 million a year for the 25 year life of the mortgage."

The Task Force feels that $60 million a year is too much to house adequately the 296,000 non-farm families in that income range, although those same 296,000 families pay, alone, more than a third of the income tax collected by the government.

The government says it costs too much to help the low income families and, as an alternative solution, it offers a 9½, 10 or 10½ per

cent interest rate and perhaps more, depending upon the greediness of financiers who control the Canadian economic life.

Such is the policy offered by the government. It is, in our opinion, a retrograde one that must absolutely be rejected.

A few days ago, during the debate on the occasion of the Minister of Transport's resignation, the leader of the Ralliement creditiste (Mr. Caouette), quoted at length the recommendations made by Mr. Gaston Bardet, dean of studies at the Higher International Institute of Applied Town Planning in Brussels, who advocates among other things, and I quote:

—loans without interest are the only thing that can take us out of the housing stalemate.

As to housing, Mr. Bardet writes that there is no way out if the state becomes usurer. We condemn voracious financial companies, but when the state practises such usury, we must denounce it in the most vigorous terms.

The state does not have to practise usury nor to borrow for public financing, for that could be done by applying the Social Credit guidelines.

The Hellyer report said, and I quote:

If the cost of money is easily identifiable as the major factor in the rising price of housing in Canada, it also unfortunately is the most difficult problem for which to find a simple solution.

A few years ago, the present Postmaster General and Minister of Communications (Mr. Kierans) started his political career by attacking what he called "the Créditiste myth". Such attacks, on top of the numerous titled awarded him by the big financial interests, finally brought him political rewards.

I cannot go over all the shabby, fallacious and deceiving arguments used by the present Postmaster General and Minister of Communication because my time is running short.

After reading the Hellyer report will the Postmaster General and Minister of Communications tell us whether it is a myth or usury? Will the minister tell us whether it is a myth when the Canadian government makes interest free loans to foreign countries? Will the minister tell us whether it was a myth when, in the period between the great wars, Germany financed a building program practically without interest or at a 1.5 per cent rate, just enough to cover the administration costs?

The Acting Speaker (Mr. Béchard): Order. It being four o'clock, the house will now proceed to the consideration of private members' business as listed on today's order paper, namely private bills, notices of motions and public bills.

[*English*]

Mr. Frank Howard (Skeena): Mr. Speaker, there has been some discussion among members who are interested in these bills. I think there will be agreement, and I put this proposition to the house, that the house might meet during the period set aside for private members' business for the purpose of considering Item No. 1, namely, the report stage and the consequent third reading of a bill relating to The Huron and Erie Mortgage Corporation. Following this disposition the house would then adjourn.

The Acting Speaker (Mr. Béchard): Is it agreed?

Some hon. Members: Agreed.

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, I understand there have been certain discussions to which I have not been privy. There might be some possibility of making progress on Item No. 11, the private bill of the hon. member for Halifax-East Hants (Mr. McCleave), respecting the Nova Scotia Savings & Loan Company. I wonder if there is any possibility after dealing with Bill S-7, of dealing with Bill S-34? Perhaps there could be some agreement to this effect.

Mr. Howard (Skeena): It is difficult to do all of these things at once, but I think there might be a disposition to include in the order, if the house desires, a special order to consider Item No. 1, Bill S-7, and to put item No. 11, second reading and consequent referral to the committee of Bill S-34, in a position of priority so it will stand as Item No. 1 during the next alloted period for private bills. There would be agreement to this.

The Acting Speaker (Mr. Béchard): Is it so agreed?

Some hon. Members: Agreed.

• (4:00 p.m.)

PRIVATE BILLS

THE HURON AND ERIE MORTGAGE CORPORATION—REPORT STAGE

The House resumed from Friday, February 21, consideration of Bill S-7, respecting the Huron and Erie Mortgage Corporation

as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs and on the amendment (Mr. Saltsman) page 5826.

The Acting Speaker (Mr. Béchard): The question is on the amendment.

Mr. Howard (Skeena): Because I have spoken on the amendment, Mr. Speaker, may I rise on a point of order to get the floor to say that with the concurrence of the hon. member for Waterloo (Mr. Saltsman) I ask permission of the house to withdraw the amendment.

The Acting Speaker (Mr. Béchard): Is this agreed?

Some hon. Members: Agreed.

Amendment withdrawn.

Mr. D. Gordon Blair (Grenville-Carleton) moved:

That Bill S-7, respecting the Huron and Erie Mortgage Corporation, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs, be concurred in.

Motion (for concurrence) agreed to.

Mr. Blair moved that the bill be read a third time and do pass.

Motion agreed to, bill read the third time and passed.

NOVA SCOTIA SAVINGS AND LOAN COMPANY

On the Order:

Second reading and reference to the Standing Committee on Finance, Trade and Economic Affairs of Bill S-34, an act respecting Nova Scotia Savings & Loan Company (Mr. McCleave).

Mr. Frank Howard (Skeena): Mr. Speaker, I think the understanding was that this bill would simply be put at the head of the list the next day that the item, consideration of private members' bills, comes up.

Mr. Robert McCleave (Halifax-East Hants): This was my understanding too, Mr. Speaker, and I am grateful to the hon. members who arranged it.

The Acting Speaker (Mr. Béchard): If this was the agreement, then the order stands. Pursuant to special order made earlier this day, this house stands adjourned until Monday next at two o'clock.

At 4.05 p.m. the house adjourned, without question put, pursuant to special order.

HOUSE OF COMMONS

Monday, June 2, 1969

The house met at 2 p.m.

ROUTINE PROCEEDINGS

TRANSPORT AND COMMUNICATIONS

AGREEMENT AS TO CALLING OF WITNESSES RESPECTING GREAT SLAVE LAKE RAILWAY CLAIMS

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, there have been certain discussions about the business that was before the Standing Committee on Transport and Communications with respect to the Great Slave Lake branch of the Canadian National Railways. I believe there might be found to be general consent to an order in the following terms: That the Standing Committee on Transport and Communications hear representations from Mr. Peter Rohl, the Ben Ginter Construction Co. Ltd., Lucas Construction Ltd., Hatch Construction Ltd. and Krywa Bros. Construction Ltd. with respect to claims in relation to the construction of the Great Slave Lake line of railway for the C.N.R.

If there is unanimous consent, perhaps that can be made an order of the house.

Mr. Speaker: Is it so agreed?

Some hon. Members: Agreed.

Mr. Speaker: It is so ordered.

[*Translation*]

NATIONAL DEFENCE

NATO—REPORT BY MINISTER RESPECTING CANADIAN FORCES IN EUROPE UPON RETURN FROM BRUSSELS MEETING

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, in keeping with the undertaking I previously gave to the house, I would like at this time to report to honourable members on the meeting in Brussels last Wednesday of the NATO Defence Planning Committee. At the same time, I would like to table copies of the communiqué in English and French and suggest that they be attached as an annex to today's proceedings.

The first step of the NATO planning cycle is agreement by the Defence Ministers on the guidance to be given to the military authorities, who subsequently expand these guidelines into detailed force plans. This first step is what we were engaged in last Wednesday.

The meeting was of special interest to Canada because it was at this time that we had undertaken to begin discussions on Canadian proposals for changes in the Canadian Forces in Europe.

The communiqué refers to this in paragraph 5 which reads:

> Mr. Cadieux, Canadian Minister of National Defence, explained to the Defence Planning Committee the policy and general intention of his government concerning the Canadian Forces in Europe. The Defence Planning Committee discussed procedures for consultation. The first step will be a discussion of the Canadian proposals between the Canadian and NATO military authorities in the immediate future.

[*English*]

In explaining to the defence planning committee the policy and general intention of the Canadian government concerning the Canadian Forces in Europe, I said that as a consequence of the defence review, the Canadian government had reaffirmed its belief in collective security, and reaffirmed Canada's membership in NATO and the importance of NATO to Canada's security. I said, also, that while Canada planned a phased reduction in the size of its forces in Europe, it would be maintaining a significant military presence there.

I pointed out that the North Atlantic Alliance is not just an alliance for the defence of Europe, but that the North Atlantic area includes North America as well, and defence efforts in North America do contribute to the security of Europe.

• (2:10 p.m.)

With respect to restructuring of the Canadian Forces, I said our forces in Europe now require different equipment and training from the forces we maintain in Canada for North American defence. We plan to restructure the Canadian Forces over a period of time so that the equipment and training for their roles at home and abroad will be compatible. With the completion of this process, in addition to

a separate air element Canada will have a modern, mobile but smaller land force stationed in Europe. This represents a precise response to the need for land force elements in NATO with a high degree of readiness, flexibility and mobility.

There has been a good deal of speculation about the forces which we will have in Europe. Since the consultations have just started, and will take some time to complete, it is not possible for me to say what our final posture in Europe will be. The proposals which we have put forward would involve the conversion of the mechanized brigade group to an air-transportable combat group with helicopter support. In addition we proposed that the air element be equipped initially with C.F.-104's.

I took the opportunity while in Brussels to discuss the Canadian proposals informally with defence ministers of Belgium, Germany, The Netherlands, United Kingdom and United States, whose countries have forces stationed in central Europe. I also explained these proposals to the defence ministers of Denmark and Norway. All of the ministers with whom I spoke were very frank in expressing their concern as to the extent of the changes and reductions involved. They sought full consultation in accordance with the agreed NATO procedures.

Canada has always met her obligations fully and will continue to do so. In the North Atlantic Treaty Alliance every member has the right to change its commitments but at the same time has an obligation to follow the procedures of consultation which have been established. These arrangements have been designed in the best interests of NATO and we want to make certain that we have the full benefit of these consultations concerning the changes we are proposing. Therefore I might not be able to report fully on these matters before these consultations have been completed.

These procedures for consultation on changes in national contributions require that discussions take place in the first instance with the NATO military authorities and with the defence planning committee, both in permanent and ministerial sessions. In the normal course of events, as I mentioned in the house on April 24, these consultations are carried out during the annual defence planning review with final undertakings being made on each nation's force contributions for the next year at the regular ministerial meeting of the defence planning committee in December.

[Mr. Cadieux (Labelle).]

It has been, of course, my intention to have adequate consultation with our allies on any changes we make. I assured my NATO colleagues that while we did not propose to reconsider the policy decisions announced on April 3 we would follow the consultation procedure fully both in letter and in spirit. Our proposals have already been placed before the NATO military authorities. I am confident that when the consultations are completed we will come to conclusions that are satisfactory both to Canada and to our allies.

The planning of the future posture of our forces both in Europe and in Canada will be proceeding in parallel with consultations with our NATO allies. Our intention is to achieve the new posture over the next three years. The new posture will avoid very substantial increases in the defence budget which otherwise would have occurred. We believe we can achieve the transition, barring unexpected international developments, within a defence budget which will be maintained for the next three years at its current dollar level.

Hon. members are understandably anxious to obtain detailed information on changes in our armed forces, a matter of vital concern to all Canadians. Mr. Speaker, this anxiety is shared by members of the Canadian Armed Forces themselves and is indeed magnified by their personal involvement. We are determined that changes we make will be in the best interests of Canada, and at the same time we must and do recognize that we have an obligation and a commitment to the members of the forces.

In this regard we intend to be absolutely sure that all decisions are made with consideration being given to how they will affect these loyal and dedicated Canadians to whom we owe so much. I intend to make periodical progress reports as decisions are reached.

Hon. J. A. MacLean (Malpeque): Mr. Speaker, the Minister of National Defence (Mr. Cadieux) has said, "It is not possible for me to say what our final posture in Europe will be". It seems clear that the Minister of National Defence is still trying to borrow time to convince some of his colleagues to be more reasonable in their approach to Canada's responsibilities to our NATO allies.

The Prime Minister (Mr. Trudeau) made a statement on April 3, a so-called declaration of principle, setting out so-called priorities and announcing a "planned and phased reduction" in our military contribution to NATO in Europe. Since that time the Prime

Minister made a somewhat notorious speech in Calgary. He has attempted to answer questions about the policy in the House of Commons; the Secretary of State for External Affairs (Mr. Sharp) and the Minister of National Defence have tried to explain the policy to our allies; the civil servants have tried to understand it, and now the military must try to implement it. The harder they try to explain what the policy is all about, the more they try to justify it, the harder they try to draft a plan to implement it, the clearer it becomes that the original statement of principle was harebrained and irresponsible, and subsequent statements have only made it worse. The Prime Minister made speeches insisting that defence policy must flow from foreign policy. Foreign policy is still under review. But he has already decided to reduce our role in the European alliance and increase it in the North American alliance. On what basis? For what reason? We will not know presumably until the review of foreign policy catches up with what he wants to do in defence policy.

On previous occasions the Leader of the Opposition (Mr. Stanfield) has stated the position of our party. First of all we regard this decision as a retreat to isolationism and continentalism. The government intends virtually to withdraw from a wider alliance in Europe to concentrate on the narrower partnership with the United States. This we believe is reactionary and ill-advised.

Second, it is clear that the decision of the government of Canada will hurt the chances to détente in Europe. It seems to be the view of all our NATO partners that any reduction in forces should be made jointly between NATO and the Warsaw pact countries. Canada's unilateral reduction undermines the NATO position and effectively postpones any meaningful negotiations toward détente. It will be difficult or perhaps impossible for NATO to enter negotiations with its hand weakened. Third, the decision of the government, by weakening the conventional strength of NATO, lowers the-so-called-nuclear threshold and increases the likelihood of any conflict escalating into a nuclear exchange very quickly.

Canada is being made to look ridiculous; and Canada's defence policy looks as if it is in the hands of erratic and confused amateurs. Even worse is the fact that there is a fundamental hypocrisy to the position of the Canadian government. The minister returned on April 14 from the spring meeting of NATO ministers in Washington and tabled in this house a copy of the communiqué issued by the NATO meeting, a communiqué which the minister agreed to on behalf of the government of Canada and which the government of Canada pretends to support.

• (2:20 p.m.)

That communiqué said in part:

> The allies participating in the NATO integrated defence program agreed that it was extremely important that during an era of negotiation the defence posture of the alliance should not be relaxed and that premature expectations of solutions to outstanding questions should not be generated. The maintenance of effective defence is a stabilizing factor and a necessary condition for effective détente policies.

The communiqué then continued:

> Accordingly these members of the alliance reaffirmed their continuing determination to make appropriate contributions to joint efforts for defence and deterrents at all levels both nuclear and conventional. They accepted the continuing need for the current NATO strategy based on a forward defence and appropriate response to any aggression, and for a credible conventional and nuclear deterrent including adequate over-all and local force levels. The necessary military posture of the alliance consists of the strategic nuclear deterrent forces, the presence of sufficient substantial and effective North American and European conventional forces as well as supporting tactical nuclear forces in the European area and adequate ready reinforcements.

On May 2, speaking in this house, the minister once again stated his own position on the question of NATO, a position which is so clearly at variance with the position of the Prime Minister. The minister on May 2 stated his agreement with General Lemnitzer's comment to the effect that there should be no over-all military reduction of the NATO capability overseas.

Now we have the minister returning from Brussels, where he attended the meeting of the NATO defence planning committee. While there, the minister supported, on behalf of the government of Canada, a communiqué which said in part that NATO military capability "should not be reduced, except as part of a pattern of mutual force reductions balanced in scope and timing" with the Warsaw pact countries.

It is perfectly obvious that the Minister of National Defence cannot continue to endorse statements such as those I have read, and continue on the other hand to try to support the policy dictated by the Prime Minister. By pretending to support the purposes and the strategy agreed upon by NATO, the minister does not help improve the credibility of

Canada, and he is quickly destroying his own credibility with those who serve under him in the armed forces, and with his counterparts and colleagues in the other NATO countries.

As far as defence policy is concerned, if the Prime Minister wants to live a lie he should be left to do so, but I should hope that the Minister of National Defence would not lend himself to what is becoming a two-faced policy which would make Canada an international hypocrite.

Some hon. Members: Hear, hear.

Mr. MacLean: Some of our allies have estimated that the plans of the Canadian government would amount to a 66 per cent reduction in the number of Canadian troops in Europe and an 80 per cent reduction in efficiency. I hope sincerely, as I am sure the majority of Canadian people hope, that this estimate is incorrect.

I want to conclude by saying that we are still hopeful, as are the Canadian people, that this country is being led by a man who understands this nation's obligations to our allies, both contractual and moral, and that those hopes will not be dashed by further policy announcements. The government's policy is wrong in concept; it is inconsistent with the support of NATO obligations and strategy, and it gives Canada a reputation that few Canadians want—that of a country unwilling to pull its weight or do its fair share in collective defence of western civilization.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the members of this party welcome the statement of the Minister of National Defence that the Canadian government intends to carry out a phased reduction of our military commitments in Europe and a change in Canada's military role. This party has for the past five years advocated that there ought to be a phased reduction of our military commitments in Europe and an eventual withdrawal of our military commitments there.

I think it is unfortunate that the minister has not been able to give us more information as to what goal he has in mind and the degree of flexibility both with respect to the size of the forces and the length of time over which this reduction will take place. There have been stories emanating from Brussels that the Canadian force will be reduced by some two-thirds between now and 1972. I do not know whether this was information deliberately leaked to the press as a trial balloon, or whether the minister has some other figure in mind.

It seems to me that our allies know what the government has in mind, and members of the press seem to be able to get information, but parliament seems always to be the last to know what the government has in mind. We would like to know from the minister, and I hope he will tell us in the course of the next few days, just what the government's goal is with respect to this phased reduction, over what length of time it will take place, and whether the minister himself has altered his objectives during the last few days as a result of his discussion in Brussels.

It is quite apparent that there is a good deal of pressure on the minister and the government to change the policy which they have enunciated. The statements of Defence Secretary Melvin Laird of the United States, Defence Minister Dennis Healey of Great Britain, and others, indicate that there has been criticism and complaint in this respect. I hope the government will make it perfectly clear that this is a matter for Canada to decide and the decision must be made in the light of Canada's best interests, having in mind our interests as a nation and our responsibility to the United Nations and the security of the world.

Something has been said about contractual obligations. I do not need to remind the house that when NATO was formed in 1949 there was no commitment on Canada's part to supply military forces in Europe. That arose on a temporary basis to meet the situation occasioned by the Korean war. We in this party maintain that the situation in Europe has changed, and consequently our policy and temporary commitments are no longer binding upon Canada. I hope therefore that the minister will be firm. We understand of course that there have to be negotiations and consultations with our allies. But I hope there will be no compromise and no weakening of the government's position that Canada proposes to play a different military role and that it proposes to reduce substantially its forces in Europe.

As a matter of fact, we in this party believe that the situation in Europe has altered to the point where we should withdraw our military commitment in Europe. Those who are fearful of the military situation in Europe forget that there is a resurgent Germany, that the NATO forces now have the advantage of tactical nuclear weapons in the order of 7 to 1 over their opponents, and

that the dangers which required the sending of Canadian troops to Europe in 1951, 1952 and 1953 are no longer present.

• (2:30 p.m.)

I am disappointed that the only statements which have been made by the government with reference to NATO have had to do solely with our military commitments. We have always been told by the government that NATO is more than a military alliance, that it has a political role to play, and that the political role is not only ensuring collective security but extending democracy and working out a system by which the nations of Europe can live together in peace. I submit that we are not very credible when we have a NATO agreement under which the signatories pledge themselves to defend and expand their democratic institutions, while at the same time we have an ally like Greece trampling democracy underfoot in a shameful manner, and Portugal carrying on a colonial war in Angola. We heard nothing from the government in protest about this state of affairs.

We believe that NATO is more than a military alliance. It is also a political vehicle to establish security and peace in Europe. Only a few weeks ago the government of Finland extended an invitation to a European security conference to be held in Helsinki, and to be attended by the NATO nations and the Warsaw pact nations. To date, both our government and the governments of our allies have been callously indifferent to this invitation or have smothered it in moth-eaten excuses. We believe that the government of Canada should be using its membership in NATO in an attempt to break the present Maginot Line complex of two groups of powers glaring at each other over a border. We should be using our influence to follow up every peace feeler that is advanced, in the hope of ending the cold war and establishing a European security pact in Europe. I hope that the government will give as much attention to the question of our political role in NATO as they have been giving to the military role which we perform in that organization.

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, we listened with great interest to the statement made by the Minister of National Defence (Mr. Cadieux), and we notice that we are still at the study and assessment stage with regard to Canadian forces in Europe and the Canadian defence policy as a whole.

One point strikes me especially, Mr. Speaker, and I would like to commend the minister for that; it is that national defence has always been in a way a white elephant for Canada from the budgetary as well as the political standpoints, and has always been criticized by the opposition parties as well as by government members, as is evidenced by the dissension within the government.

But it is a fact, Mr. Speaker, that every country will have to revise constantly its position with regard to important organizations like NATO, NORAD, etc., so as to always remain in control of a constantly changing situation, especially since the advent of nuclear arms.

Mr. Speaker, considering the Canadian position and the portion of the Canadian budget which goes every year to national defence, I notice that in 1967-68, we spent $1,693,309,501 and in 1968-69, $1,714,954,800.

Mr. Speaker, I wonder whether the huge amounts allocated to the defence of Europe, to the maintenance of Canadian forces in Europe, to the maintenance of the Canadian presence in NATO contribute to the security of Canada. We see there all the paradox of the world we live in: that we must be armed to the teeth in order to live in peace. To be secure, we must threaten. We must be present, in order not to be attacked. We must spend fabulous sums of money while two thirds of the world population are starving and the other third lives in almost scandalous prosperity.

Mr. Speaker, we are hoping for a revision of the Canadian policy with regard to our participation and our armed forces in NATO; however, we would urge the minister to take measures more peaceful than those aimed simply at defence, because they promote the nuclear arms race and increase the danger hanging over the world. Today, the governments rely mainly on the balance of terror which seems to endanger the whole world. For this reason, our policy is to be reviewed.

The minister stated that we had Canadian forces in Europe. We have to think that situation over and, consequently, it would be advisable to have a more limited and mobile land force which could move very quickly and would be posted in Canada.

Mr. Speaker, following the tour of the various NATO bases in Europe, my colleague from Abitibi (Mr. Laprise) has told me several things. He said that his studies and the trip had shown only one thing; that the world is living in a climate of fear and that Canada is

led like a sheep instead of carrying out a participation policy. He pointed out to me that the Canadian policy was that of a puppet, since we are following the policy of other countries without having a truly Canadian one.

Mr. Speaker, I do not want to take more time, so I conclude by saying that we hope the minister will do his utmost to work towards greater peace instead of terror. He will also have to do his best to reduce the Caandian forces and the national defence budget, so that the real problem, that of poverty in the world and specially in Canada, may be tackled. This is a problem of peace, understanding and close co-operation, and not of menace and escalation of forces and arms.

Mr. Speaker, we wish the minister to give serious consideration to the matter and resort to every possible influence to prompt other countries to reduce their military commitments, to review their policy in order that we can really live in a peaceful world, and that this peace will not carry a price tag of billions of dollars, as is now the case, but that it be rather brought about through sound co-operation and understanding between human beings. Canada can reach that goal inasmuch as it cares to, which it never did in the past.

[*English*]

Mr. Speaker: I am not sure whether I understood the minister correctly at the opening of his statement. Does he want his statement appended to today's *Votes and Proceedings*? Is this agreed?

Some hon. Members: Agreed.

BUSINESS OF THE HOUSE

OUTLINE OF WORK TO BE ACCOMPLISHED BEFORE SUMMER ADJOURNMENT

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, it may be helpful to the house to survey briefly the work remaining to be done before the summer adjournment. There are some items on the order paper that should take relatively little house time because they are either not highly controversial or they have already reached an advanced stage. In this category I have listed the following items:

Item No. 62 with regard to the Maritimes Freight Rates Act amendment;

Item No. 63 with respect to the Export Development Corporation bill;

Item No. 64 with respect to the "Telesat Canada" bill;

[Mr. Fortin.]

Item No. 65 with regard to the Canada Shipping Act amendment bill;

Item No. 66 with respect to the oil and gas production and conservation bill;

Item No. 77 with respect to the Patent Act amendment bill;

Item No. 78 with respect to the Fisheries Improvement Loans Act amendment bill; and

Item No. 79 with respect to the Criminal Code off-track betting amendment bill.

In addition there are other items on which the house has already invested considerable time or for which we feel there is urgency. This list includes the following items:

Item No. 4 regarding the official languages bill;

Item No. 73 with respect to the income tax amendment bill; and

Item Nos. 75 and 82 regarding the two bills amending the National Housing Act, which are at the moment before the house.

• (2:40 p.m.)

If the Minister of Finance gives notice of any tax changes tomorrow, those changes will have to be dealt with during this session.

In addition, the Minister of Regional Economic Expansion has introduced his bill relating to incentives for regional development. Understandably, he wants it to be dealt with just as soon as possible.

Then I believe we should assume that the Standing Committee on Procedure and Organization will be making a report, pursuant to the order of the house made on December 20 last, relating to the allocation of time to legislative business.

Against this small mountain of work we must set the number of days available. As hon. members know, Friday, June 27 is regarded as the best target date for the adjournment. Quite aside from the convenience of members—a consideration which we all share—there are practical reasons relating to the preparation of the legislative work for the next session which make it highly desirable that the house should not continue into July or meet again too early at the end of the summer, if this is at all possible.

Members will understand that the ministry wants to have July relatively free for concentrated work on policy questions relating to the bills for the next session, and that we should like to have most of September for the detailed examination of draft bills. This does not mean that some of the standing committees should not meet in September; indeed,

there is much to recommend such a course of action where a committee has been given a suitable reference by the house.

The immediate problem is that including today and Friday, June 27, in the calculation, an adjournment on the 27th would allow only 19 more sitting days. Of these a total of 14 are preempted under the Standing Orders: eight are supply days on which opposition motions will be debated and six are for the debate on the budget statement. This means that unless some extra days can be found, after today there will be only four days for government legislative business, if the target date for the adjournment is not to be overrun.

In consultations which already have taken place I have put forward for consideration various ways in which the house could reconcile the work to be done with the time available. These consultations will be continuing; however, I thought all members should know just how things stand.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, the leader of the house very wisely did not attempt to assign any blame for the position in which the government and the house now find themselves, and with great self restraint I shall follow his example.

I might say that he and I have some difference of opinion as to what is, and what is not, highly controversial, but this is not the occasion on which to go into that matter. I believe it is highly desirable—and in this I agree with the thinking of the government—to try to get away from the type of droll mummery and hypocritical farce we have experienced in the past, when target dates were set in an attempt to complete the business of the house and when, in those remaining days, legislative proposals were introduced which no legislative body could be expected to complete in the time allotted.

I think it is an excellent idea to fix a date, and let it be a reasonably firm date, advancing proposals for that period which the house could reasonably be expected to deal with. I also think it highly desirable that there should be a suitable interval between the parts of the session; the government should take at least one month and probably more than two months in which to consider its legislative program so that we may make better progress in the next portion than we have in the present one.

We shall co-operate with the government, provided of course that it is accepted we must discharge our responsibility and duty as Her Majesty's Loyal Opposition. We shall attempt to collaborate and see that the proper measures, as the government has indicated, are passed before the date mentioned. We are also prepared to continue the discussions we are holding with the hon. gentleman and other house leaders to work out ways and means by which some extra time may perhaps be arranged in order to achieve this objective.

As the hon. gentleman has pointed out, there now remain eight opposition days which will probably be piled up back to back. I do not think this is a desirable position in which to find ourselves. These are days, of course, which the opposition uses in order to pinpoint what it considers to be proper criticism of the government in its approach to the legislative program and to its administration of the nation's affairs. I sincerely hope that next session we shall ensure that such a situation is not repeated.

The government will probably be obliged to make a choice as to the measures which will finally be approved. We shall co-operate, as I say, and I hope that given good will on the part of the house between now and the date assigned, the measures which appear reasonably necessary to hon. members will be passed.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the President of the Privy Council indicated correctly that this is an interim report on discussions which have taken place among the house leaders. I agree with him that even though we have not reached a firm conclusion about whether we can find some extra time, it was a good idea for him to make a statement on the subject in the house today.

With regard to the attempt to set June 27 as a target date for adjournment, I hope I may be permitted to point out that this year the government is in a position to set a target and ask the house to stick to it. This is because of certain changes we have made in the rules. In the past, no government could do this. It used to be that the voting of supply had no cut-off, and if the house was in an angry mood and declined to grant supply no attempt to adjourn by a fixed date could be successful. But that has been changed, and the new situation places the responsibility on the government, since, as I say, it can set a target date, to decide which pieces of legislation are to be dealt with, and which should be left over for a subsequent session.

There are a number of important items, including several which have been cited to us more than once during the session, which are not now included in the list read to us. For example, there was to have been an Indian claims bill, or legislation generally respecting the position of Indians in Canada. We understand there is to be a policy statement by the Minister for Indian Affairs and Northern Development, but no legislation regarding Indians is now included in the list presented to us. Neither is there anything on the list regarding veterans, neither in connection with the implementation of the Woods report nor by way of amendments to the War Veterans Allowance Act. On the various lists we have been given this session an item has appeared headed "Old Age Security Act amendment". I have never been able to find out either publicly or privately what is involved in this amendment, but whatever it is it seems to be down the drain. References were made to the Canada water bill, which is not now on the list, and there have also been references to a federal co-operatives bill, something which has been kicked around for 50 or 60 years. It is still not there.

Then there is the usual talk about the Canada Development Corporation, an idea which has been around for only five or six years; it will probably be around for a lot longer, still. Nothing appears on the list with regard to labour legislation, either implementing proposals contained in the Woods report or the Freedman report, or dealing in any way with unemployment insurance. In other words, there is a long list of legislation which was proposed for this session but which has been put off until next session—and things which are put off until next session have a way of being put off for a long time after that.

Nevertheless, if it is the government's decision that the house must adjourn on a specific date we think it is our duty to co-operate in the time which is available. But if extra time is to be found I would urge that some of it be used to deal with some of the important items which I have listed but which have not been mentioned today by the government house leader.

• (2:50 p.m.)

I am pleased also that within the context of his remarks the minister referred to the possibility of certain standing committees of the house meeting in September. I urge strongly that this be done, for two reasons. First, certain committees ought to meet to deal with matters which have been referred to them. If the Woods report is not ready for reference to the Standing Committee on Veterans Affairs by the end of June, perhaps that report could be ready for such reference by September. Likewise, there are other committees which ought to meet in September to deal with business referred to them. But I urge this course of action for a second reason. We all know that we have improved our procedures in the House of Commons, but in so doing have put an extra heavy load on our standing committees. Some of us think that we must move ahead to a time when the committees have the opportunity to meet when the house is not in session. For that reason in particular I urge strongly that plans be made, if it is not decided to bring the house back in September, for a number of committees to meet in September. Let us get this practice started.

I am interested in the statement the minister made, which was more or less in these words: "If the Minister of Finance gives notice of tax changes tomorrow, these changes will have to be dealt with during this session." Since we will begin dealing tomorrow with a tax bill which was left over from last year's budget, I wonder what is the government's hurry during the present session in dealing with matters that will be placed before the house tomorrow night. Mind you, if those changes are tax cuts the government will be amazed at how ready the opposition will be to co-operate.

Again, we welcome this interim statement about what is ahead for us. The minister is quite right in saying that consultation is going on. We are looking into ways and means to find additional time. We will take part in these discussions; but we hope the government will pay attention to those priorities which some of us think are important and which vary somewhat from the priorities set by the government.

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, the President of the Privy Council (Mr. Macdonald) has given to us a statement concerning certain agreements arrived at by the parties, relating to the business of the house.

Mr. Speaker, I should like to point out at the outset of my brief remarks that the announcement of the president of the Privy Council was made in English only and that

we would have greatly appreciated having it in French so that we might be able to understand it better.

Having said that, Mr. Speaker, I should like to come back to what was said by the hon. member for Winnipeg North Centre (Mr. Knowles), namely that the government is complaining about the fact that only 19 sitting days remain, which is a relatively short period, and that we should not sit in July and come back in September.

Mr. Speaker, I would like to point out that under the new Standing Orders, it is not the responsibility of the opposition to set that target date of June 27. The government is setting it; however, we would be prepared to sit past June 27 in order to study legislation relating to eastern agriculture, which is not found at the present time in the current legislative program.

I would point out that a committee on agriculture will meet in Quebec City at the Château Frontenac. But this is not the place where the farmers are found; they are in the fields and therefore the report of that committee will not be dealt with by the house.

At the present time the dairy industry in Quebec goes through a stagnation period, the dairy policy is unacceptable and there has been no review of that dairy policy during this session.

Therefore, this committee will go through studies as a face-saving device, but the recommendations it could make will not be submitted to the house. That is the reason why we would like some more or less important measures to be put aside and replaced by a review of the dairy policy.

I would like to make another remark as to item No. 66, respecting the production and conservation of oil and gas.

[*English*]

I believe we could be spared the discussion of that item from now until June 27, for the simple reason that we will have this week the pleasure of greeting more than 24 United States senators and congressmen, who come to meet the Canadian parliamentarians in order to discuss this question and the possibility of coming to agreements.

I cannot see the house making decisions, passing a bill and holding discussions at the same time. We are paying for the trip of parliamentarians—which will be very expensive—in order to discuss those same questions with the United States representatives. I think there is duplication here, that we could be spared the discussion of that question in the house and wait for the committee's report, so that this committee may at least be under the impression that the house will be informed of its work.

Mr. Speaker, if we read over the program that is proposed, we can see that it does not contain many new or important elements and that it solves almost none of the Canadian problems, especially those concerning eastern agriculture, unemployment and many other fields.

Consequently, we are quite ready to co-operate and that is moreover what we have done since the beginning of the present session in order to speed up the work.

Of course, we shall co-operate as we always did but we want to induce the President of the Privy Council to review some of his positions in relation to this program in order to solve the problems which are presently facing Canadians, for example, the problems of eastern agriculture.

QUESTIONS ON THE ORDER PAPER

GOVERNMENT WHARVES

Question No. 1,195—**Mr. Caouette:**

1. How many government wharves are there in each province at the present time?

2. What scale of fees is authorized for users of these wharves?

3. Are these fees identical in each province and, if not, what are the differences?

4. How much money was collected in each province from users of these government wharves in 1965, 1966, 1967 and 1968?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): I am informed by the Departments of Public Works and Transport as follows:

1.

Province	No. of wharves
Newfoundland	647
Prince Edward Island	91
Nova Scotia	334
New Brunswick	185
Quebec	563
Ontario	542
Manitoba	45
Saskatchewan	18
Alberta	14
British Columbia	324

2. The government Wharves Regulations issued pursuant to the Government Harbours and Piers Act provide a uniform Schedule of rates for the use of all government wharves

administered by the Department of Transport, in each province, in the interests of commercial shipping, the fishing industry, and the public generally, other than wharves leased under the authority of the Act or in respect of which there is a separate tariff. Separate tariffs have been made by Order in Council for the use of the government wharves at Sorel, Quebec; Port Credit, Ontario; and Powell River, Port Hardy, and Port McNeill, British Columbia. Wharfage rates charged by a lessee of any government wharf for which there is no separate tariff must not exceed the rates established by the Government Wharves Regulations, as required by the Government Harbours and Piers Act.

3. Included in answer to Question 2.

4. Gross collections by province for the past four years from Government wharves administered by the Department were as follows:

	1964-65 $	1965-66 $	1966-67 $	1967-68 $
Newfoundland	177,578	117,115	110,396	129,425
Prince Edward Island	84,795	87,485	113,078	110,719
Nova Scotia	209,513	182,617	212,464	311,045
New Brunswick	106,940	136,893	134,900	120,739
Quebec	635,965	601,834	592,244	530,009
Ontario	543,149	549,642	601,719	571,944
Manitoba	1,800	3,080	1,636	1,118
Saskatchewan	1,522	50	4,012	1,340
Alberta	1,000	2,501	3,552	Not yet available
British Columbia	101,919	111,493	125,308	123,373

PILOT STUDENT GRANTS

Question No. 1,520—**Mr. Dinsdale:**

1. Have private pilot student grants been discontinued and, if so, when and for what reason was this action taken?

2. Will all agreements entered into before the discontinuation date be honoured and, if so, how many are involved?

3. (a) Will flying schools and clubs continue to receive a subsidy for pilot training (b) is it planned to terminate this program (c) if so, on what date and for what reasons?

4. Is there a surplus of pilots in Canada and, if so, what is the employment figure for this group?

5. (a) Will student pilots be brought under the student loan plan as an alternative to the subsidy program (b) what other plan is contemplated to ensure an adequate supply of pilots in the expanding air age?

Hon. Donald C. Jamieson (Minister of Transport: 1. Yes. December 16, 1968, pursuant to governmental review of spending priorities, it was concluded that the programme of grants for flying training should be discontinued.

2. All agreements entered into before December 20, 1968, or any agreement submitted by a student who enrolled in an approved course of private training and commenced flying training prior to that date, will be honoured provided all requirements under the scheme of assistance are met on or before March 31, 1969, and provided funds are available. Approximately 700 agreements should be honoured prior to April 1, 1969.

3. (a) Yes; (b) Yes; (c) March 31, 1970. See answer to (1.)

4. There is no available data on the number of surplus pilots in Canada but as far as can be determined, there is now no significant surplus of qualified airline pilots.

5. (a) No; (b) No particular plan at the present time.

CANADIAN NATIONAL RAILWAYS HOTELS

Question No. 1,847—**Mr. Mazankowski:**

1. How many hotels are owned by the Canadian National Railways Company and are all the hotels operated by the Railway Company?

2. If not, which hotels are operated by others and under what arrangements?

3. Does each individual hotel operation show an annual profit?

4. What is the total profit or loss figure for 1968 in regard to all CNR hotels?

Hon. Donald C. Jamieson (Minister of Transport): The Management of Canadian National Railways advises as follows: 1. Nine, no.

2. Queen Elizabeth, Montreal; Hotel Vancouver, Vancouver.

These two hotels are operated by Hilton of Canada Limited pursuant to management agreements.

3. No.

4. As recorded on Page 37 of the Company's Annual Report for the year 1968, which was tabled in the House of Commons on April 24, 1969, the net income from hotel operations was $1,635,652.

ASSISTANCE TO CANADIAN JOHNS-MANVILLE

Question No. 1,867—**Mr. Beaudoin:**

Has the federal government, during the past ten years, given any financial assistance to the Canadian Johns-Manville Company Limited for the development of its mining operations at Asbestos, Quebec and, if so, what amount?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): I am informed by several departments as follows: No.

MR. G. FRANK LAFFERTY

Question No. 1,869—**Mr. Matte:**

Was Mr. G. Frank Lafferty recently appointed a member of the Canadian Transport Commission and, if so, what is his mother tongue?

Hon. Donald C. Jamieson (Minister of Transport): Yes. His mother tongue is English and he is completely bilingual.

ST. LAWRENCE RIVER ICE-BREAKING

Question No. 1,902—**Mr. McCleave:**

1. Is it government policy to have year-round navigation on the St. Lawrence River and, if so, what is the expected cost of the ice-breaking involved (a) east of Quebec City and (b) west of Quebec City?

2. Would the Department of Transport have to acquire extra navigational devices to maintain year-round navigation on the St. Lawrence River and, if so, at what estimated cost?

3. Has the Department of Transport made any studies itself or caused studies to be made by the Canadian Transport Commission as to passing along the costs to the users?

4. Is it government policy to pass along the costs of present ice-breaking operations on the St. Lawrence River to the vessels taking advantage of same and, if so, on what formula?

Hon. Donald C. Jamieson (Minister of Transport): 1. It has been the policy for successive Canadian Governments to have year-round navigation on the St. Lawrence River to the extent that it was practical. Winter navigation was negligible until about ten years ago when changing trading conditions, a better understanding of the problems of operating ships in ice, the entry into the area of European ship owners with ice strengthened ships and the development by the Department of improved measures to support shipping in ice encouraged owners and operators to attempt winter sailings. Since then winter navigation into the Gulf and the St. Lawrence to Quebec has increased rapidly and considerably. Above Quebec winter traffic has developed more recently and slowly because the ice conditions make ship movement more difficult and icebreakers must give priority to flood prevention work and their help is less readily available.

Expected cost in 1969-70 of winter operations is: (a) East of Quebec City, $750,500; (b) West of Quebec City, $877,100.

Figures in (a) are only approximate because of the difficulty of separating the costs of Gulf and Lower River ice operations. Some growth in winter traffic can be absorbed without incurring additional costs of icebreakers and other resources.

2. No. The present system of aids to navigation is adequate for ships navigating under winter conditions in the St. Lawrence River.

3 and 4. Some study of charges to users for the cost of supporting winter navigation has been done by the Department but no satisfactory formula has yet been found and it is not at present Government policy to charge users for ice-breaking or any other government furnished aids to navigation. If charges for icebreaking are instituted, it would be equitable to apply them to the Gulf and all other ice congested areas and not only to the St. Lawrence.

AIR CANADA WINE CONTRACTS

Question No. 1,925—**Mr. Mazankowski:**

1. What method does Air Canada use in awarding contracts for beverage wines?

2. Who are the present suppliers?

3. How long does each contract remain in effect?

4. What are the amounts of each of these contracts?

Hon. Donald C. Jamieson (Minister of Transport): The Management of Air Canada

advises as follows: 1. Air Canada does not award contracts for wines in the sense of making long-term commitments, but makes individual purchases when supplies are needed.

2. Wines boarded on domestic flights are purchased from the Provincial Liquor Control Boards. On international flights, they are purchased direct from wine producers.

3. Not applicable.

4. Not applicable in so far as amounts of contracts are concerned, but Air Canada purchased $112,000 worth of wine from Provincial Liquor Boards and $126,000 from wine producers over the last year.

CORRESPONDENCE WITH MR. A. G. HEAKES

Question No. 1,930—**Mr. Rondeau:**

1. Has the Prime Minister received any correspondence with enclosures of recent date from Mr. A. G. Heakes and, if so (a) on what date was such correspondence received (b) what were the enclosures in each, and (c) did the correspondence refer to communications between Mr. Heakes and the Minister of Consumer and Corporate Affairs?

2. What was the nature and purpose of such correspondence and the enclosures?

3. Has the Prime Minister referred the correspondence to the Minister of Manpower and Immigration and has such correspondence been acknowledged and, if not, for what reason?

4. Has any action been taken on the purport of this correspondence from Mr. Heakes and, if so, by whom and to what effect?

5. Has the RCMP conducted an investigation of Mr. Heakes as a result of this correspondence or otherwise and, if so, with what result?

Mr. J. E. Walker (Parliamentary Secretary to the Prime Minister): 1. Yes. (a) in the period January 1 to April 30, 1969: January 30, February 3, February 8, February 14, March 10, April 10, April 19. (b) with the letter of January 30: copy of letter to Mr. Heakes from the Hon. John Turner, dated February 9, 1967; copy of letter to Mr. Heakes from the Hon. Ronald Basford dated November 25, 1968. With the February 3, 1969 letter: copy of letter from Mr. Heakes to His Excellency Roland Michener dated February 3, 1969. With the February 8, 1969 letter: copy of letter to Mr. Heakes from Correspondence Secretary to the Prime Minister dated February 4, 1969. With the February 14, 1969 letter: copy of telegram from Mr. Heakes to the Prime Minister dated February 5, 1969. With the March 10, 1969 letter: copy of letters dated March 3, 1969 from the Correspondence Secretary to Mr. Heakes and to the Legal Aid Bureau of Montreal and a copy of a letter from Mr. Heakes to the Hon. Alan J. MacEachen dated March 10, 1969. With the April 10, 1969 letter: copy of letter from Mr. Heakes to the Hon. Eric Kierans dated April 9, 1969. With the April 19, 1969 letter: copy of letter to Mr. Heakes from the Correspondence Secretary to the Prime Minister dated April 16, 1969; (c) Yes, occasionally.

2. The correspondence refers mainly to problems experienced by Mr. Heakes as a result of a bankruptcy in which he was involved but contains as well allegations by him of conspiracy and libel, of mail tampering, and of police harassment.

3. Yes.

4. Yes. An appointment was arranged with the Superintendent of Bankruptcy to permit Mr. Heakes to discuss his difficulties but Mr. Heakes has declined to meet this Official.

5. Mr. Heakes has directed a number of letters to the Solicitor General and to the Royal Canadian Mounted Police and has periodically come to Ottawa and visited various government offices. He has requested in this correspondence and in these visits that aspects of the bankruptcy referred to in Part 2 be investigated but pending his decision to discuss these problems direct with the Superintendent of Bankruptcy, these investigations have not been pursued.

C.B.C. COVERAGE OF PERTH, SCOTLAND, CURLING

Question No. 1,941—**Mr. Gleave:**

1. What was the cost to the C.B.C. for the coverage of the curling finals in Perth, Scotland?

2. Was the C.B.C. the only Canadian network which broadcast the games?

3. Did the C.B.C. sell broadcasting rights to any other network?

4. What was the cost to Air Canada in its promotion aid to the curling finals?

5. What was the cost to Air Canada to fly sportscasters and reporters from Canada to Perth, and how many individuals were actually given free transportation?

6. What was the total cost to Air Canada?

7. How many C.B.C. men are covering the Canadian hockey team in Europe?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): I am informed by Canadian Broadcasting Corporation and the Department of Transport as follows: 1. Full coverage, including satellite feeds, cost approximately $43,000 for both English and French C.B.C. networks.

2. Yes. C.B.C. had exclusive rights.

3. No.

4, 5 and 6. It has not been the practice nor is it considered in the best interests of the Company to disclose information of a nature which would be of value to its competitors.

7. Three C.B.C. people for the English network and three for French network.

PERCENTAGE INCREASE IN CIVIL SERVICE SALARIES

Question No. 1,957—**Mr. Robinson:**

What was the percentage increase in salaries given to federal Civil Servants generally for each of the years 1960-68 inclusive?

Hon. C. M. Drury (President of the Treasury Board): The following shows the weighted average percentage of the increases in rates of pay awarded to Public Service employees in the years 1960 to 1968 inclusive. The averages given for the years 1967 and 1968 include only those salary increases negotiated to date and do not reflect increases still to be negotiated for certain occupational groups which will be retroactive to these years. 1960, 9.6; 1961, 3.4; 1962, 7.0; 1963, 3.3; 1964, 7.6; 1965, 7.7; 1966, 5.7; 1967, 7.5; 1968, 6.8.

CANADIAN OIL AND GAS REQUIREMENTS

Question No. 2,035—**Mr. Harding:**

1. Has the National Energy Board made projections for future Canadian requirements for crude oil and natural gas and, if so, when was the latest projection made?

2. What are estimated Canadian requirements for (a) crude oil (b) oil products for the next 30-year period?

3. What is the present level of crude oil reserves in Canada and how many years' supply of domestic requirements does this represent?

4. Has the government undertaken any study of the effects upon the price of crude oil and motor gasoline in Canada due to the maintaining of different levels of reserve capacity and, if so (a) when was the latest study made, and (b) what were the results of this study?

Hon. Otto E. Lang (Minister without Portfolio): National Energy Board reports as follows: 1. A long term energy forecast for oil and gas demand is currently under study by the National Energy Board. It is expected that this study will be published about the mid-year. The most recent projection of future requirements for natural gas is available in the Parliamentary Library in the report to the Governor in Council, in the matter of the application by Westcoast Transmission Company Limited, dated March, 1967.

2. The estimated Canadian requirements for crude oil and products to 1990 will be available about mid-year when the long term energy forecast has been completed.

3. The estimated remaining proved reserves of crude oil as of December 1968, were some 8,381,613,000 barrels. Based on the domestic demand for crude oil and equivalents in the year 1968, the remaining proved reserves of crude oil are equivalent to some 17 years' supply of domestic requirements.

4. The National Energy Board has not undertaken any study of the effects upon the price of crude oil and motor gasoline in Canada, due to the maintaining of different levels of reserve capacity.

DIGBY NECK COAST GUARD FACILITIES

Question No. 2,048—**Mr. Comeau:**

1. Does the Department of Transport intend to provide coast guard facilities for the Digby Neck and the Islands area and, if so, when?

2. Has the Department requested the construction of two boats for this purpose and to whom were the contracts awarded and for what amount?

Hon. Donald C. Jamieson (Minister of Transport): 1. The Department already provides some rescue facilities in the general area with the Bayview Lifeboat stationed at Digby Gut. Another lifeboat, the CCGC 101 performs similar duties and operates from Clarkes Harbour on the southern tip of Nova Scotia. In addition to these vessels the CCGS *Thomas Carleton* and CCG *Walter E. Foster*, having Search and Rescue capabilities and operating from Saint John, serve to strengthen rescue facilities in the area.

2. Two lifeboats are at present under construction at the yard of Les Chantiers Maritimes de Paspebiac Inc., Paspebiac, P.Q. at a total cost of $369,777. The location at which these vessels will be based has not yet been decided.

SECOND CLASS MAIL CLASSIFICATIONS

Question No. 2,063—**Mr. Dionne:**

What newspapers, magazines, pamphlets and other publications does the Post Office Department consider as second class mail?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): In so far as the Post Office Department is concerned: Those newspapers, magazines, pamphlets and

other publications which meet the conditions of the postal law and regulations as outlined in Sections 11 and 12 of the Post Office Act as amended by Chapter 5 of the Statutes of Canada 1968 and in the regulations respecting second class mail made pursuant thereto.

ADVANCES ON FARM STORED GRAIN

Question No. 2,120—**Mr. Mazankowski:**

1. How many cash advances on farm stored grain have been issued during the present crop year, 1968-69?

2. What was the total amount of money involved?

3. How many advances were issued (a) under $1,000 (b) $1,001 to $2,000 (c) $2,001 to $3,000 (d) $3,001 to $4,000 (e) $4,001 to $5,000 (f) $5,001 to $6,000?

4. How many cash advances have been issued under the emergency Advance Payments Act for drying tough or damp grain?

5. What was the total amount of money involved?

6. How many advances were issued (a) under $100 (b) $101 to $200 (c) $201 to $300 (d) $301 to $400 (e) $401 to $500 (f) $501 to $600?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): 1. 84,166 producers have as at May 12th, 1969 received cash advances on farm stored grain for the 1968-69 crop year.

2. $147,646,348.

3. (a) 33,765; (b) 24,301; (c) 13,018; (d) 5,688; (e) 3,092; (f) 4,302.

4. 6,324.

5. $1,748,592.

6. (a) 699; (b) 1,803; (c) 1,593; (d) 971; (e) 521; (f) 737.

EDMONTON-CHICAGO AIR SERVICE

Question No. 2,121—**Mr. Mazankowski:**

1. When was international air service between Edmonton, Minneapolis/ St. Paul, Chicago discontinued?

2. What was the reason for the discontinuance of this service?

3. Have representations been made to the Department of Transport and other governmental bodies governing air services by the City of Edmonton and, if so, what were the results of such consultations?

4. What airlines have expressed interest in supplying this service?

5. Is the Department of Transport, the CTC and other governmental bodies seriously considering the granting of an air agreement to re-instate airline services between Chicago, Minneapolis/St. Paul, Edmonton and Anchorage?

6. If so, when might such an agreement become effective?

[Mr. Kierans.]

7. If not, what is the prime stumbling block in granting such permission?

Hon. Donald C. Jamieson (Minister of Transport): The Canadian Transport Commission advises as follows: 1. September 4, 1962.

2. Paucity of traffic and good connections at Winnipeg with Air Canada.

3. Yes. The Delegation from the City of Edmonton was given assurance that their representations would be given full consideration by the Canadian authorities.

4. Pacific Western Airlines Limited, Western Airlines Inc., and Ozark Airlines Inc.

5. The Air Agreement between Canada and the United States of America will be reviewed later this year. Service between Edmonton and points in the United States is one of the items that will be considered.

6. The new Agreement will become effective upon signature by both Contracting Parties.

7. Not applicable—see answer to part 5.

SECOND CLASS MAILING PRIVILEGES

Question No. 2,137—**Mr. Macquarrie:**

1. As of April 27, 1969, how many publications were registered for second class mailing privileges in each of the following classes: general news, religion, sciences, agriculture, forestry, fisheries, literature and the arts, public health, business and trade, trade unions, co-operatives, church congregations, political parties, others?

2. How many publications were refused second class mailing privileges in the first four months of 1969?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): In so far as the Post Office Department is concerned: 1. General news, 1,170; Religion, 306; Sciences, 16; Agriculture, 71; Forestry, 6; Fisheries, 4; Literature & the arts, 88; Public health, 57; Business & trade, 261; Trade unions, 0; Co-operatives, 0; Church congregations, 0; Political parties, 0; Others, 0.

2. 1,257.

ST. VALERIEN, QUE., POST OFFICE

Question No. 2,148—**Mr. Rondeau:**

1. Have requests been made by the citizens of St. Valerien, Shefford constituency, for the establishment of a post office?

2. If so (a) when (b) by how many persons (c) by whom (d) how did the Department dispose of such requests?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): In so far

as the Post Office Department is concerned: 1. Yes, for provision of a Post Office building.

2. (a) 21 December 1967; (b) Two; (c) Maurice Cabana and Hector Vincent; (d) Those concerned were informed that the St. Valerien Post Office did not qualify under the regular building program, nor under the Winter Works Program then in effect.

NATIONAL ARTS CENTRE SALARIES

Question No. 2,152—**Mr. Coates:**

What are the names and salaries of the Director General and the Comptroller and Director of the National Arts Centre?

Hon. Gérard Pelletier (Secretary of State): G. H. Southam, Director General, National Arts Centre, (Appointed by Order in Council, April 21, 1967), $24,840; R. Montpetit, Comptroller and Director of Finance.

I am informed by the National Arts Centre that it is not the policy of the Centre to disclose salaries of staff members appointed by the Board of Trustees.

SHEFFORD, QUE., DAIRY PRODUCTS WAREHOUSES

Question No. 2,159—**Mr. Rondeau:**

1. What are the names and addresses of the operators of warehouses for dairy products and by-products in the federal constituency of Shefford?

2. (a) What amount did the federal government pay to each of these warehouses during each of the last ten years (b) what amount per pound did the federal government pay to each of these warehouses during the last ten years (c) what was the total number of pounds stored by each of these warehouses during the last ten years?

Hon. H. A. Olson (Minister of Agriculture): 1. (i) Granby Locker Co. Ltd., Granby, Quebec; (ii) Lawrenceville Cold Storage, Lawrenceville, Quebec; (iii) Shefford Dairy, Lawrenceville, Quebec; (iv) Granby Co-op., Granby, Quebec.

2. (a) Records are available only for each of the last four years as follows:

	1968-69	1967-68	1966-67	1965-66
	$	$	$	$
(i)	—	—	611.09	10,498.19
(ii)	—	—	24,597.96	3,989.65
(iii)	39,509.41	33,284.93	36,464.71	59,055.83
(iv)	115,696.86	62,495.98	128,169.46	61,872.70

(b) Storage payments were not arranged on a poundage basis, but rather by box or bag, with an additional handling charge for each. A crude conversion is obtained by dividing poundage from 2 (c) below into totals in 2 (a) above, over the four years concerned, and is as follows: (i) 2.17 cents; (ii) 1.33 cents; (iii) 1.59 cents; (iv) 1.19 cents.

(c) Records are available only for the last four years as follows: (i) 509,992 pounds; (ii) 2,155,496 pounds; (iii) 10,573,080 pounds; (iv) 30,970,844 pounds.

DEPARTMENT OF TRANSPORT TASK FORCE

Question No. 2,165—**Mr. Skoberg:**

1. Has a special Task Force been established within the Department of Transport on the functions and responsibilities of the Department and other agencies and bodies involved in the transportation industry?

2. If so, who are the members of this Task Force and what are their specific terms of reference?

3. When is it anticipated that the report of this Task Force will be completed, and will this report be Tabled in the House of Commons?

Hon. Donald C. Jamieson (Minister of Transport): 1. Yes.

2. Co-Chairmen of the Task Force are John Gratwick of Canadian National Railways, Montreal, and Arthur Bailey of Treasury Board, Ottawa. Dr. James Douglas Fleck, Associate Dean of the Faculty of Administrative Studies, York University, Toronto, is also a member. Departmental representatives are F. L. Worrall, D. G. Black, J. I. Carmichael, and T. C. Porter. The Task Force is conducting an analysis of government involvement in the transportation field for the purposes of clarifying the Department's objectives and establishing the Department's roles vis-à-vis those of other departments and agencies engaged in various aspects of the transportation function.

3. It is expected that their work will be completed by this fall, and it is intended

that a report will be submitted to the Government at that time. No decision has been taken yet as to the disposition of the Report.

APPLICATIONS FROM INDUSTRIAL INCENTIVES AREAS

Question No. 2,168—**Mr. MacDonald (Egmont):**

1. How many applications have been received relating to the Industrial Incentives Designated Areas of Halifax, Dartmouth, Saint John and Fredericton, since September 25, 1968?

2. What amount is it expected will be expended in this regard?

3. How many persons is it expected will be further employed as a result of this assistance?

Mr. Russell C. Honey (Parliamentary Secretary to the Ministry of Regional Economic Expansion): 1. 20.

2. $12,000,000.

3. 810.

BEAUCE, QUE., MILK PRODUCTS WAREHOUSE

Question No. 2,177—**Mr. Rodrigue:**

1. What are the names and addresses of the milk products warehouse operators in the constituency of Beauce?

2. What were (a) the amounts paid by the federal government for each of these warehouses, for each of the past ten years (b) the amounts per pound paid by the federal government for each of those warehouses, for each of the past ten years (c) the total number of pounds stored in each of these warehouses, for each of the past ten years?

Hon. H. A. Olson (Minister of Agriculture): 1. Irenee Champagne, St. Georges de Beauce, Quebec.

2. (a) Records are available only for each of the last four years as follows: 1968-69, 0; 1967-68, 0; 1966-67, $611.09; 1965-66, $10,498.19. (b) Storage payments were not arranged on a poundage basis, but rather by boxes with an additional handling charge per box. A crude conversion is obtainable by dividing poundage from 2 (c) below into totals of the two years in 2 (a) above, and is as follows: $2.99. (c) Records are available only for the last four years: 370,888 pounds.

CANADA COUNCIL AWARDS

Question No. 2,201—**Mr. Dinsdale:**

1. Are Canada Council Awards for study and research paid in a lump sum and, if not, what is the method of payment?

2. Has the Canada Council the power to withdraw an award to a person who misuses his award funds by withdrawing from an approved program of study or research to engage in political activities?

3. Does the Canada Council maintain contact with all award winners to assure against misuse and, if so, how is that surveillance maintained?

4. Does the Canada Council maintain contact with some recipients of awards to assure against misuse and, if so, who has the power to determine which award winners will be kept under surveillance?

Hon. Gérard Pelletier (Secretary of State): I am informed by the Canada Council as follows: 1. Doctoral, post-doctoral and leave fellowships are normally paid in three instalments, respectively of 40, 30 and 30 per cent of the total amount. Unless other arrangements are made, the first instalment is paid approximately one month prior to the date of beginning of tenure; in the case of doctoral fellowships it is made only after the Council has received proof of the award holder's acceptance in the university or other institution where he plans to carry out his program. The second and third instalments are normally paid on request after an interval of at least four months in each case, upon submission of an interim report by the recipient. Partial fellowships (usually for four to eight months) are normally paid in two equal instalments; awards of less than $1,000 are paid in one lump sum.

2. The Canada Council has the power to withdraw any award which, for any reason, is not being used for the purposes stated by the recipient in his application and approved by the Council at the time of the award.

3 and 4. Before paying the second and third instalments, the Council requires the awardholder to submit a request together with an interim report on his work. Under the conditions of award, the award holder is also required to seek Council approval for any major change in his work program or in the place of tenure. In the case of a doctoral fellowship holder, any proposed change must be supported in writing by the director of his department. Within six months after the end of the period of tenure, all award holders are required to submit a final report on their work. These requirements enable the Council to maintain contact with award holders. Surveillance is exercised not in relation to the award holders' personal or extra-curricular activities, but in relation to the carrying out of his approved program of work. If the Council has any reason to believe that an award holder's activities interfere with his approved program and could bring into question the effective use of his award, the matter

is investigated and the Council may withdraw the award if this is warranted.

UNIVERSITIES RESEARCH SUPPORT

Question No. 2,208—**Mr. Orlikow:**

1. Which government department or agency is analysing the results of the Macdonald Report on federal research support in Canadian universities?
2. When is it anticipated that the review of the above study will be completed?

Mr. J. E. Walker (Parliamentary Secretary to the Prime Minister): I am informed by the Science Council and the Canada Council as follows: 1. Special Study No. 7 entitled "The Role of the Federal Government in Support Research in Canadian Universities" was prepared by a study group headed by Dr. J. B. Macdonald. The study was initiated by the Science Council and co-sponsored by the Canada Council. It is not a report to the government itself. Since the study identified over 40 departments and agencies of the federal government which, in various ways, provide support to university research, it is likely that most, if not all of these departments and agencies will be analysing the results of the study.

2. The Canada Council has indicated that they would be completing a review of the Macdonald study by mid-summer, and would likely publish a report on its findings shortly thereafter. The Canada Council has already reviewed the study and is presently in the process of distributing its comments to interested parties.

APPEARANCE OF AIR TRAFFIC CONTROLLERS BEFORE COMMITTEE

Question No. 2,219—**Mr. Yewchuk:**

Does the Minister of Transport intend to allow air traffic controllers to appear before a Parliamentary Committee investigating air safety?

Hon. Donald C. Jamieson (Minister of Transport): There is no Parliamentary Committee investigating air safety.

MANUFACTURE OF FORD MAVERICK

Question No. 2,224—**Mr. Mather:**

1. Is the new automobile, Ford Maverick, being manufactured in Ontario for retail sale in the United States at approximately $1,995?
2. Is the same vehicle to be retailed in Canada at approximately $2,375?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): 1 and 2: According to verbal information supplied by the Ford Motor Company, the Ford Maverick will have a suggested retail price of $1,995 ($U.S.) in the United States and a suggested retail price of $2,375 ($Cdn.) in Canada. These prices are within 5% of each other when exchange and sales tax are taken into account.

DIGBY MANPOWER OFFICE

Question No. 2,252—**Mr. Comeau:**

1. Where will the new accommodations of the Digby Manpower offices be located?
2. What is the name of the Real Estate Company or the owner of the new premises?
3. How were new locations sought, was this opened to public tender and, if so, how many bids were submitted and what was the amount of each tender?
4. Was the present Real Estate Company (Saunders Real Estate) asked to provide new or additional space and, if so, what type of response was given?
5. Was a new lease renegotiated with Saunders Real Estate?
6. What will be the rental fee for new offices?
7. When does the present contract end and the new one begin?
8. How many steps (stairs) are involved to accommodate persons on the present second floor level?
9. How many steps are involved to accommodate persons in the new ground level facilities?
10. How many handicapped persons were served by the Digby office last year and how many were refused because of second floor accommodations?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): I am informed by the Departments of Public Works and Manpower and Immigration as follows: 1. Birch Street.

2. P. R. Woolaver, owner.

3. New locations sought by investigation, no public tenders called.

4. Yes, response was co-operative.

5. No.

6. $2.95 per square foot per annum.

7. Present contract ends June 30, 1969 and new one begins July 1, 1969.

8. Seventeen.

9. Four, or use can be made of paraplegic ramp.

10. A total of 41 handicapped persons were served by the Digby Manpower Office last year. Of these, seven were unable to get up steps to main office area. As a result, these seven persons were visited in their homes by Manpower Counsellors. No handicapped persons have been refused service. There is no

way of determining the number of persons deterred from visiting this Manpower office due to stairs or the physical layout of the building. It is government policy to provide easy access to federal buildings and commercial establishments where space is leased for the accommodation of government departments thereby creating as few obstacles as possible to handicapped persons.

ADULT TRAINING OF INDIANS

Question No. 2,286—**Mr. Yewchuk:**

How many Indian workers were accepted under adult training programmes for the 1967-68 and 1968-69 sessions in the constituency of Athabasca and (a) of these how many completed the programme (b) of these how many are now gainfully employed on a fulltime basis?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Adults placed in training under the Adult Occupational Training Act are not identified by racial origin. The question cannot, therefore, be answered.

LINGUISTIC REQUIREMENTS IN CAPITAL AREA

Question No. 2,294—**Mr. Paproski:**

1. Has the Public Service Commission recently made a ruling stipulating bilingualism (knowledge of French and English) as a condition of employment for every position in the National Capital Area?

2. What is the text of this or any similar ruling on this question made within the last six months governing public service employment in the Capital Area?

3. What is the purpose of such a ruling?

Hon. Gérard Pelletier (Secretary of State): I am informed by the Public Service Commission as follows: 1. No. However, Section 4 of the Public Service Employment Regulations, published in Volume 101 Extra of the Canada Gazette, dated March 17, 1967, provides that proficiency in both official languages is a desirable qualification for all positions in the National Capital Region for which such proficiency is not an essential qualification.

2. Not applicable.

3. Not applicable.

*TEXAS GULF SULPHUR COMPANY—GOVERNMENT FINANCIAL ASSISTANCE

Question No. 2,300—**Mr. Nystrom:**

1. Has the government given any financial assistance to Texas Gulf Sulphur Company within the last two years?

[Mr. Forest.]

2. Under what programs, on what date and to what extent was financial assistance given?

3. Has this company filed application for any further assistance from the government and, if so, on what date and under what program was the application filed and what stage has this application reached?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, the answer to this question is divided into three parts.

1. No.

2. Not applicable.

[*English*]

The answer to the third part is, yes. Ecstall Mining Limited, a wholly-owned subsidiary, filed two preliminary applications on May 12, 1969, under the Area Development Incentives Act. The applications are under review.

DIPLOMATIC RELATIONS WITH MAINLAND CHINA

Question No. 2,301—**Mr. Beaudoin:**

1. On what basis will the government proceed to establish diplomatic relations with Communist China?

2. What will be the nature of the relations or exchanges?

3. Has the Government of Nationalist China made it known to the Government of Canada that it would abolish or change its diplomatic representation here if Canada establishes diplomatic relations with Communist China?

[*Translation*]

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1. Discussions are now going on between representatives of Canada and the People's Republic of China for the very purpose of determining whether a mutually acceptable basis can be worked out for the establishment of diplomatic relations between Canada and the People's Republic of China, and it would therefore be inappropriate for me to comment on this matter at this time.

2. The nature of the relations or exchanges is of course amongst the questions now being discussed.

3. No.

[*English*]

CONSUMER AND CORPORATE AFFAIRS SUPPORT PROGRAMS

Question No. 2,329—**Mr. Robinson:**

1. Does the Department of Consumer and Corporate Affairs provide subsidies and/or support

programs for any segment of the economy, groups or individuals inside Canada and, if so, to what extent, in what amounts, and to whom are the amounts paid?

2. What amounts have been paid for subsidies and/or support programs during each of the years 1960-68 inclusive?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): 1. Yes.

2. 1968-69, $30,000, grant to Consumer Association of Canada. 1969-70, $50,000, grant to Consumer Association of Canada.

WITHHOLDING TAX ON FOREIGN INVESTMENTS

Question No. 2,330—**Mr. Robinson:**

1. What was the total amount of withholding tax received by the federal government as a result of foreign investments in Canada in each of the years 1960-68 inclusive?

2. What was the first year in which a withholding tax was levied, what was the amount of tax and how much was received in that year?

3. Is it the federal government's intention to increase the percentage of withholding tax beyond the present 15%?

Hon. E. J. Benson (Minister of Finance): 1. The revenue from the non-resident withholding taxes imposed by Section 106 of the Income Tax Act for fiscal years: 1959-60, $73.4 million; 1960-61, $88.2 million; 1961-62, $112.3 million; 1962-63, $129.2 million; 1963-64, $124.5 million; 1964-65, $143.7 million; 1965-66, $170.0 million; 1966-67 $203.6 million; 1967-68, $220.5 million.

2. In 1933 on interest and dividends only. Revenue received from this tax in fiscal year 1933-34 was $4.8 million.

3. This is a matter of government policy. If the Government proposes any amendment to this section of the Income Tax Act it will be announced at the appropriate time.

NATIONAL PRESS COUNCIL

Question No. 2,353—**Mr. Yewchuk:**

Has the government any immediate intentions of forming a national press council?

Mr. J. E. Walker (Parliamentary Secretary to the Prime Minister): No.

ARDA LEADERSHIP COMMITTEE

Question No. 2,364—**Mr. MacDonald (Egmont):**

1. When was the ARDA Leadership Advisory Committee established?

2. What are its terms of reference and responsibilities?

3. To whom and when does it report?

4. Who are the present members and by whom were they appointed?

5. How often does it meet and when did it last meet?

6. What expenses has it incurred?

Mr. Russell C. Honey (Parliamentary Secretary to the Minister of Regional Economic Expansion): The Committee mentioned in this question is not a federal committee and any inquiries should be directed to provincial authorities.

QUESTIONS PASSED AS ORDERS FOR RETURNS

POST OFFICE CONSTRUCTION, 1968 AND 1969

Question No. 1,371—**Mr. Korchinski:**

1. In each province, where were post offices constructed in 1968?

2. What was the total revenue of each of these post offices?

3. What other government departments are using facilities in these post offices, if any?

4. (a) What salaries were paid to the postmasters in each of these locations (b) what grants, if any, does the federal government pay to the municipalities that are affected (c) what is the cost of maintenance at each of these post offices (d) any other costs?

5. (a) What was the revenue of the post office at Creighton, Saskatchewan, during 1968 (b) what were the expenditures involved in maintaining the post office at Creighton?

6. During 1969, at what localities does the department intend to construct post offices?

7. What are the revenues of each post office?

8. What is the total cost to the department in each location in (a) salaries (b) grants (c) maintenance (d) any other costs?

Return tabled.

FOREIGN SERVICE OFFICERS—ANNUAL AND HOME LEAVE

Question No. 1,525—**Mr. Anderson:**

1. How many foreign service officers in each grade of the service (a) have less than 1 year annual leave entitlement (b) have from one to two years annual leave entitlement (c) have more than two years annual leave entitlement?

2. How many officers in Ottawa, who have served abroad, have not yet taken any of their home leave entitlement?

3. How many officers in Ottawa who have served abroad have taken their entire home leave entitlement?

4. How many officers in Ottawa who have served abroad have taken less than one-half of their home leave entitlement?

Orders for Returns

5. What are the names and posts of the officers with the maximum home and annual leave in each grade of the service, and how many days' leave is each entitled to?

Return tabled.

JOHN B. PARKIN ASSOCIATES—CONTRACTS WITH GOVERNMENT

Question No. 1,737—**Mr. Skoberg:**

1. How many contracts has the Government of Canada assigned to the Architectural Firm of John B. Parkin Associates for the fiscal years 1963-64, 1964-65, 1965-66, 1966-67, 1967-68, 1968-69, and for what purpose?

2. For the above years (a) how many contracts were assigned on the basis of competitive tendering (b) how many were assigned without competitive tendering and for what reasons?

3. Who is the Chairman of the Design Council of Canada and what criteria was used in the selection of this individual?

Return tabled.

TONNAGE OF GOODS HANDLED AT CERTAIN DOCKS

Question No. 1,872—**Mr. LeBlanc (Rimouski):**

What was the tonnage of goods handled during the years 1961-62, 1962-63, 1963-64, 1964-65, 1965-66, 1966-67, 1967-68 in each of the following docks or harbours: Rivière-du-Loup (main dock), Rivière-du-Loup (river dock), Gros Cacouna, Rimouski-Est, Pointe-au-Père, Matane, Trois-Pistoles, Cap-Chat, Sainte-Flavie, Sainte-Anne-des-Monts, Mont-Louis, Marsoui, Gaspé, Sandy Beach, Chandler, Forestville, Baie-Comeau, Sept-Îles, Havre-Saint-Pierre, Bathurst and Dalhousie?

Return tabled.

FEDERAL REGULATIONS RESPECTING ADVERTISING

Question No. 1,934—**Mr. McGrath:**

What federal regulations now exist to (a) require approval in advance of proposed advertisements for Canadian (i) radio (ii) television (iii) newspapers (iv) other media (b) regulate in any other way the content of advertising in Canadian (i) radio (ii) television (iii) newspapers (iv) other media?

Return tabled.

Mr. Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

Mr. Walter C. Carter (St. John's West): Mr. Speaker, on March 4 I put question No. 1618 on the order paper. That question has not been answered yet. Could the Minister of Fisheries and Forestry advise the house when we may expect an answer to the question?

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, I will be glad to investigate that. As the hon. member knows, the question requires an answer from more than one department. I will see if I can get one for him shortly.

MOTION TO ADJOURN UNDER S.O. 26

WATER RESOURCES

NEWFOUNDLAND—POLLUTION OF PLACENTIA BAY—NATIONAL PARK—BELL ISLAND EMPLOYMENT—AIRPORT FACILITIES—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Mr. Walter C. Carter (St. John's West): Mr. Speaker, I request leave under Standing Order 26 to move that this house do now adjourn to discuss a specific and important matter requiring urgent consideration, namely the critical economic plight of the people of Newfoundland due to the failure of the responsible ministers to plan and implement remedies for the grievances caused by the phosphorous pollution of Placentia Bay and St. Mary's Bay, with the consequent loss of livelihood of the fishermen of that area as a result of the failure of the federal government to ensure that necessary precautions were taken before the plant commenced operations.

I move this motion in view of the failure of the government to enter into an agreement with Newfoundland for the establishment and development of a national park on Newfoundland's west coast which would substantially reduce the economic disparity of the region, the failure of the government to come to grips with the serious unemployment and social problems on Bell Island since the closing of the mine in 1966, the failure of the federal government to develop essential international airport facilities at Gander, thereby depriving the people of the east coast of Newfoundland from sharing in the advantages accruing from a modern international airport.

Mr. Speaker: The hon. member for St. John's West has proposed that the business of the house be set aside for the purpose of discussing a number of problems in the province of Newfoundland. Actually my interpretation of this motion is that it is in the form of a series of grievances.

As hon. members know, the provisions of Standing Order 26 are not intended to provide additional opportunities for the purpose of discussing grievances. It seems that no useful purpose could be served by moving the adjournment of the house to consider what are essentially problems of a continuing nature, one of which, according to the hon. member, goes back to 1966.

The Standing Order applies to a sudden emergency where an immediate debate, given priority over the announced business of the house, might influence the course of immediately impending government action of a specific nature. And, according to the rules and precedents, even if there is urgency of debate, adjournment under Standing Order 26 cannot be granted if there are other opportunities for debate within a reasonable time.

On this particular point, hon. members have heard the discussion which took place earlier today on motions. They might come to the conclusion I have reached, that there will be a number of opportunities open to hon. members who may wish to debate the several grievances raised in the hon. member's proposed motion. In particular, as has been mentioned by hon. members during the short debate on the ministerial statement of the President of the Privy Council, the six-day budget debate will begin tomorrow night and should be continued within a reasonable time thereafter.

As we approach the end of the current semester provided by Standing Order 58, the actual number of remaining allotted days becomes increasingly relevant. There are still eight allotted days in the period which will lapse automatically at the end of this month by reason of the operation of Standing Order 58. We therefore have a total of 14 sitting days that can be used for such purposes between now and the end of the month.

In the circumstances, the hon. member's proposed motion cannot be considered at this time.

ORAL QUESTION PERIOD

NATIONAL DEFENCE

NATO—INQUIRY AS TO EXTENT OF REDUCTION PROPOSED AT BRUSSELS MEETING RESPECTING CANADIAN FORCES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Minister of National Defence. Arising from the minister's statement that the proposal he made to our NATO allies was a precise response to the NATO problems, will the minister now, briefly but precisely, tell the house the proposal he made to our NATO allies, the precise reductions of forces he proposed, thereby doing what I am sure he wants to do, to treat this house with the respect he feels toward it and to which it is entitled?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, I am trying to analyse the question posed by the Leader of the Opposition. First of all, he is talking of the precise response to the ministerial guidance I indicated we would be following. If he would care to read the communiqué I tabled he will find this particular phrase: "In particular the conventional capability, flexibility and mobility".

We are talking here of the forces that should be committed for use in NATO. The proposal I made in the name of the Canadian government was according to this ministerial guidance. Incidentally, this flows from a study made by Canadian officers which in my estimation is a prefiguration of what the forces will be in the future. I cannot be precise on numbers. I think I indicated in a press conference you can either overestimate or underestimate a force of that nature. The proposal that was made could be described as a self-contained force which would be stripped as much as possible of a ponderous administrative organization. I think we can say that what we propose would not reduce the number of bayonets, if we could call it that. It would be a force that would be flexible and would have back of it the howitzers and gun ships. This would be a brand new thing. We believe it would be very worth while and helpful to the situation in Europe.

Mr. Stanfield: A supplementary question, Mr. Speaker. Might I take it from the minister's answer that he did not make a definite proposal in Brussels to the NATO ministers but rather just a general statement as to the objectives? Did the minister make a definite proposal in Brussels as to the contribution Canada was prepared to make?

Mr. Cadieux (Labelle): I made both, Mr. Speaker. I did explain the rationale of the force we proposed. I also indicated in my statement today that the proposals which we put forward would involve the conversion of the present mechanized brigade group to an air transportable combat group with helicopter support. This is very precisely in military

terms. Now it has to be discussed with the military committee and this is what we have started to do. I cannot be precise with respect to numbers. There has been a lot of speculation. No doubt my hon. friend is also speculating. Some speculations may be accurate. I do not know. We will find out when the discussions have been terminated.

Mr. Stanfield: Will the minister be definite and tell the house whether the size of the reduction proposed by Canada is yet to be determined and that this matter is still under reconsideration by the government of Canada?

Mr. Cadieux (Labelle): My hon. friend uses the word "reconsideration". I have used more prudent words.

Mr. Stanfield: You certainly have.

Mr. Cadieux (Labelle): What is being done now is that the general proposal made by Canada is being studied by the military committee. Of course it involves a few options. We are open to suggestions. I am not trying to conceal the facts. I am trying to be as truthful as I can. It is very difficult at this stage to indicate the numbers precisely. We should get away from the notion we must always count heads in military forces. Some changing concepts have intervened since the war in Viet Nam. We are trying to incorporate these new concepts into the kind of force we want to provide.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I would like to ask the minister whether the statement that the air element will be initially equipped with CF-104's implies that the Canadian proposals envisage the phase-out of the CF-104's, and the withdrawal of the air division and its replacement by reorganized air support for our mobile force?

Mr. Cadieux (Labelle): Mr. Speaker, I am talking here of a three-year plan, and obviously the CF-104's will phase out by themselves after that. This is why I say the initial plan is to use the available planes, but in what configuration I cannot anticipate. It may be conventional, it may be a strike role, it may be reconnaissance, but here again this has to be determined. This is not assured yet. It is the current phase, and until consultation has determined this, we cannot indicate exactly what it will be.

Mr. Brewin: Did the government proposals to the NATO allies as to the change of role state that this mobile air transportable combat group will be conventionally rather than nuclear armed?

Mr. Cadieux (Labelle): Of course the combat group itself would be conventionally armed.

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, could the Minister of National Defence tell us whether the federal task force which was supposed to make a study of the future of our relations with Europe and of our defence policy has considered the financial aspect of the changes contemplated by Canada?

Hon. Léo Cadieux (Minister of National Defence): As far as the armed forces are concerned, certainly yes, Mr. Speaker.

The first of these considerations was to assess the budget that would be available and we proceeded from there. Naturally, every financial implication has to be considered when it comes to such a reappraisal.

Mr. Fortin: I would like to ask a supplementary question.

Mr. Speaker, since the financial implications have already been studied, I wonder whether the Minister of National Defence would be willing to tell the members of this house what they are so we may be in a position to appreciate the financial cost of the changes contemplated by Canada?

Mr. Cadieux (Labelle): Mr. Speaker, the changes we are contempling provide for cuts. According to our estimation, and assuming that the inflation rate is kept down to about 5 per cent, and that the strength of our forces remains unchanged, the national defence budget will have increased by about $300 million within the next three years. Thanks to the reappraisal, we may, hopefully keep to the present level, i.e., $1,814 million for all three years.

[*English*]

Hon. J. A. MacLean (Malpeque): Mr. Speaker, can the minister say whether any proposals have been made by Canada as to how NATO should fill the deficit created by Canada's withdrawal or reduction of forces?

Mr. Cadieux (Labelle): We have not talked in terms of deficits, Mr. Speaker. I think it should be pointed out that here we are talk-

ing, for instance, of the Canadian brigade, which happens to be 6,000 strong. I know of some German brigades which are 2,100 strong. This is a question of definition and of role, and obviously in an integrated function all these factors will have to be considered.

I should also bring out the fact, since my hon. friend has underlined the two statements, the one in Washington and the one in Brussels, to which we subscribe, that it was mentioned that we favoured no over-all reduction in NATO strength. The important word here is "over-all", and I think that Canada by subscribing to a new formula is not necessarily reducing its commitment or the over-all strength of the alliance.

Mr. MacLean: As a further supplementary question, Mr. Speaker, would the minister explain to the house the nature of the objections, which we understand were quite strenuous, from his counterparts in the allied countries?

Mr. Cadieux (Labelle): Yes, Mr. Speaker I can be quite frank on that. They are mostly on questions of procedure. They want to be consulted throughout the whole series and levels of prescribed consultations, and we agreed to this. The policy itself, which flowed from the statement of the Prime Minister on April 3, is not questioned. We have a right to decide what we are going to contribute to the forces, but we have to go through the normal process of consultation.

Hon. D. S. Harkness (Calgary Centre): Mr. Speaker, I should like to ask the Minister of National Defence whether he put before the defence ministers of our NATO allies a timed or phased program for the reduction of our forces in Europe and tell them when these reductions are supposed to start?

Mr. Cadieux (Labelle): Mr. Speaker, I did put before them what I would call a tentative plan in order to inform them of the magnitude, the scope of the reduction, and how we wanted to go about it. Of course, in the whole operation there was a phase-out and a phase-in, a phase-out of the old operation and a phase-in of the new operation. Naturally these things were submitted for the purpose of discussion, because we never showed ourselves inflexible so far as timing and so far as roles were concerned.

Mr. Harkness: Would the minister answer the second part of the question as to when these reductions in strength are supposed to start according to the plans of the government?

Mr. Cadieux (Labelle): The original suggestion was that they would start in 1970, but we did not indicate in what precise month. They are to take place in stages, but they would start in 1970 and be completed by 1972.

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I wish to ask a supplementary question of the minister. At one of his several press conferences he refused to deny the American assertion that Canada intends to reduce its NATO strength by between two-thirds and four-fifths. Obviously the minister gave some figures to the NATO conference to discuss, and the NATO authorities are discussing them now. Would he be equally frank with the House of Commons and give us the figures that he gave the conference of NATO ministers?

Mr. Cadieux (Labelle): Mr. Speaker, I do not think I refused to deny that assertion. I said that so far as the reduction in numbers was concerned this could not be determined right away because, of course, that would be decided in consultation with the military authorities of NATO itself. It would be very hard to discuss the striking power or effectiveness of our contribution before we know what the force is going to be, and therefore again this is a speculative assumption and I cannot subscribe to it. I think I did indicate that anybody saying that now would know more than we know ourselves.

Mr. Hees: Was not the principal reason for the pretty universal anger among our NATO allies—

Mr. Speaker: Order. I would suggest to the hon. member that his supplementary as phrased will be or is argumentative, and perhaps he might rephrase it.

Mr. Hees: I would be very glad to do so, Mr. Speaker. Was it not that the government of Canada made it very clear to our NATO allies that in future Canada intended to defend the peace to the last American, Englishman or any other NATO ally into whose lap it could dump its responsibilities in the future?

Mr. Speaker: Order.

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, I have a supplementary question.

Inquiries of the Ministry

With regard to the federal task force entrusted with a review of Canadian policy as a whole, would the Prime Minister tell us whether the government intends to publish a White Paper on the results of such a review to be made available to all members of this house or whether he will make a summary statement?

[*Translation*]

Mr. Fortin: Mr. Speaker, I rise on a point of order.

I realize that I directed my question to the wrong person. I shall ask the same question of the minister who wishes to answer it, that is the Minister of National Defence. Is it the intention to publish a White Paper or to make a statement in the house with regard to the findings of the federal task force that made a review of the whole NATO question?

Mr. Cadieux (Labelle): Mr. Speaker, in my opinion, the question should be directed to the Prime Minister.

Mr. Fortin: Mr. Speaker, on a question of privilege.

I am refused an answer to my question, and yet it is a very simple one.

I therefore ask the Prime Minister, to whom, according to the Minister of National Defence, my question should be directed, if the government intends to make a statement or to publish a White Paper in connection with the findings of the federal task force—

Mr. Speaker: Order. The hon. member is asking the same question for the third time, after raising the question of privilege. I must remind him that the rules are very clear in this connection and that the minister's refusal to reply to an inquiry cannot become a question of privilege.

[*English*]

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I have two brief questions for the minister. In his discussions in Europe was the question of the maritime role in connection with NATO discussed and, if so, what was the conclusion? Second, will the minister undertake to give some indication to the house before we recess for the summer of what the effect of the defence review will be on maritime command?

[Mr. Fortin.]

Mr. Cadieux (Labelle): Yes, Mr. Speaker, this matter was raised. I was asked the question whether we would co-operate with SACLANT, to which I answered yes, of course. In respect of the second part of the question, I am a little embarrassed because I did indicate today that I have found that the procedures are more involved that I anticipated. I will take every opportunity to make a progress report but it is very hard for me to indicate exactly when I can. I understand the concern of my hon. friend and of the members of the forces themselves. As soon as we can we will spell out and unfold the plan that has been agreed to.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a supplementary question.

Mr. Speaker: Perhaps before I permit the hon. member to ask a supplementary question I should bring to the attention of hon. members that we have spent a good portion of the question period on this very important matter. It may be the wish of hon. members that the Chair allow hon. members to ask questions on other subjects and that additional supplementaries be continued later if there is time, or tomorrow. For the moment the Chair recognizes the hon. member for Peace River.

Mr. Baldwin: Mr. Speaker, I should like to ask the minister whether he advised his ministerial colleagues in Brussels that when the defection of Canada inevitably precipitates other reductions by other countries the Canadian government will regard with equanimity the very substantial increase in the West German military establishment and increased reliance on nuclear power which will result from these facts?

Mr. Cadieux (Labelle): Mr. Speaker, I am sorry but I must say that the question of my hon. friend is based on a complete misconception of what I proposed to my colleagues in NATO.

CANADIAN CONFEDERATION

CONSTITUTIONAL LEGALITY OF PROPOSAL BY QUEBEC TO HOLD REFERENDUM

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct this question to the Prime Minister. In view of press announcements that the premier of Quebec is proposing to introduce legislation which will permit him to take a referendum of the people of Quebec with regard to staying in confederation, is the government looking into this matter to see whether or not such legislation would be intra vires and whether any

province has the power to pass legislation by which, by referendum, it could opt out of confederation?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker, we are looking into the matter.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, would the Prime Minister be prepared to acquaint the house with the decision reached by the government when it has looked into the constitutionality of this matter?

Mr. Trudeau: Well, it would depend on the circumstances. At this stage I do not know whether Mr. Bertrand's statement is more than a hypothesis. If it becomes real, of course we may have to act on whatever conclusions we have reached.

GRAIN

WHEAT—ACREAGE PAYMENT IN COMPENSATION FOR LIMITATION OF EXPORTS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, in the absence of the Minister of Industry, Trade and Commerce and the Minister of Agriculture I should like to ask the Prime Minister whether he received a telegram from the Saskatchewan Association of Rural Municipalities concerning the fact that a declaration has been made that a five bushel quota will be the total amount any farmer can expect to sell and that 315 million bushels will be the limit on exports this year? Would he say, in answer to their request, whether the government, in order to meet what is described as a discouraging outlook, will support the request of this association that the western grain farmers receive an acreage payment of $2 per acre?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Minister of Agriculture, who was in the house until a few moments ago, is at present meeting with the ministers of agriculture from, I believe, six provinces who are in Ottawa today. It is possible he has received these representations; I have not.

Mr. Diefenbaker: Then, Mr. Speaker, I would ask the President of the Privy Council this question. In view of the fact that in the outline he gave concerning what the government considers should be done between now and June 27 no reference was made to any assistance or legislation on behalf of western farmers to meet the situation described by the Saskatchewan Association of Rural Municipalities as dangerous, does this mean that the government has forgotten the western farmer and the terrible situation on the prairies today?

Hon. Donald S. Macdonald (President of the Privy Council): No, Mr. Speaker. As the Prime Minister indicated, the Minister of Agriculture is meeting with provincial representatives. Of course, if on his advice the government should decide that legislation could be brought forward at a later date which would assist the situation, the statement I made earlier would be amended accordingly.

[*Translation*]

INQUIRY OF THE MINISTRY

Mr. André Fortin (Lotbinière): Mr. Speaker, I should like to put a question to the Minister of Regional Economic Expansion.

Can he tell us whether he was invited by the JOC—Jeunesse ouvrière catholique (Young Catholic Workers)—to participate in "Carrefour '69" (Crossroads 69) last week-end?

Mr. Speaker: Order. I doubt that the question is in order. The hon. member is alluding to an invitation to a meeting which has already been held. I doubt that the question is in order, but if I do not interpret it correctly, the hon. member might perhaps put it again.

Mr. Fortin: Mr. Speaker, I myself participated in this important event which brought together representatives of several groups of young people; they all wondered whether the invitation had reached its destination.

Mr. Speaker: Order. I see I interpreted the question correctly. It should be put on the order paper.

[*English*]

IMMIGRATION

ADMISSION TO CANADA OF U.S. DESERTERS

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Secretary of State for External Affairs. Has there been any reaction from representatives of the United States government to the decision of the Canadian government to allow deserters from the United States armed forces to enter Canada on the same basis as all other immigrants? These deserters are reportedly receiving special consideration with regard to processing of applications.

Inquiries of the Ministry

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, if any such representations have been made they have not been made to me.

NATIONAL DEFENCE

DISCIPLINARY ACTION AGAINST CANADIAN DESERTERS

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, I would ask the Minister of National Defence a supplementary question. Are Canadian servicemen who are deserters or who are A.W.O.L. still subject to the same disciplinary action?

Hon. Léo Cadieux (Minister of National Defence): There is no change in our regulations, Mr. Speaker.

Mr. MacInnis: Has the defence secretary of the United States discussed with the minister the red carpet treatment being given to these criminal deserters from the United States?

Mr. Cadieux (Labelle): No, Mr. Speaker.

Mr. MacInnis: Then I would ask the new high priest of peace whether he realizes that his own Canadian government retains the death penalty for Canadian deserters?

Mr. Speaker: The hon. member for Fundy-Royal.

EXTERNAL AFFAIRS

CANADIAN DIPLOMATIC RECOGNITION OF SUDAN

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a similarly straightforward question for the Secretary of State for External Affairs. Has Canada extended diplomatic recognition to the new government of Sudan and, if not, what are the government's plans in this regard?

Hon. Mitchell Sharp (Secretary of State for External Affairs): No, Mr. Speaker; the matter is still under consideration.

ACCEPTANCE BY CANADA OF INTERNATIONAL OBLIGATIONS

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Secretary of State for External Affairs. In view of the result of the NATO conference just completed, is it the view of the Secretary of State for External Affairs that in future Canada's opinions will be accorded any weight at international meetings in view of the fact we made it very clear that we are not willing to undertake or live up to our international obligations?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I do not think anyone in this house should suggest that Canada has at any time not lived up to her international obligations. I think we have lived up to them, perhaps even more faithfully than any other member of the NATO community.

Mr. Hees: That may have been true up until now, but in view of what the minister has said, will he advise the house if passing the buck and welshing on obligations has now become acceptable in international circles?

Mr. Speaker: Order, please.

GRAIN

REQUEST FOR CONSIDERATION OF SITUATION ON PRAIRIES

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I should like to direct this question to the Prime Minister. In view of the recommendation of the Standing Committee on Agriculture and in view of the representations by the Federation of Agriculture and the Association of Rural Municipalities, is the government giving urgent consideration to the situation that exists in western Canada and may we hope for some report before the house rises?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, we answered a question on that subject a moment ago.

EXPROPRIATION

PRINCE EDWARD ISLAND—REQUEST FOR INVESTIGATION OF FEDERAL ACTION

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to direct a question to the Minister of Justice in reference to the recent announcement of expropriation by the dominion government of 1,800 acres of land in Prince Edward Island, indeed in my own constituency, a process described as highly unusual and high-handed by the Attorney General of our province. Will the minister give assurance that this matter will be fully investigated in the compassionate spirit of the press release which accompanied the introduction of the new expropriation bill?

Hon. John N. Turner (Minister of Justice): I certainly will, Mr. Speaker.

LABOUR RELATIONS

REQUEST FOR ASSURANCE OF AUTONOMOUS STATUS OF CANADIAN UNION

Mr. Frank Howard (Skeena): Mr. Speaker, I have a question for the Minister of Labour in relation to a matter I directed to his attention a few days ago. In order to refresh his memory may I say that my question has to do with the takeover of the International Brotherhood of Railways and Steamship Clerks, or the merger of that union with the Canadian Brotherhood of Railway Transport and General Workers. I have been looking forward to the minister's answer, particularly because of our concern for democracy and the maintenance of Canadian unions. Has the minister anything to say in respect of this situation?

Hon. Bryce S. Mackasey (Minister of Labour): Mr. Speaker, I have received certain letters from members of the C.B. of R.T. complaining that they have had little or no opportunity to express an opinion on this matter at the local level, or no opportunity to instruct delegates to the convention. I can only suggest to the unions involved in respect of the position they take regarding the rights of their members, that they should look at page 151 of the Woods task force report, with reference to the recommendations that a Bill of Rights be established for the average union member, in order that he may participate fully in union affairs.

FISHERIES

SEALING—STEPS TO PREVENT DISSEMINATION OF FALSE ADVERTISING

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to ask the Minister of Fisheries and Forestry whether he is aware that last Saturday night in Saint John, New Brunswick, a new organization was formed entitled "The International Organization for Animal Welfare", whose aims and objectives are the abolition of the sealing industry in Canada and which will be financed from abroad even though the organization will be based in Canada. If so, will the minister take steps to prevent the further propagation and dissemination of false and misleading advertising which will hurt further Canada's reputation abroad, and the sealing industry?

Mr. Speaker: Order, please. The question is not in order, in that it should not have been followed by a speech.

Hon. Jack Davis (Minister of Fisheries and Forestry): Mr. Speaker, I prefer to take the question as notice and will answer later.

Inquiries of the Ministry

RESTRICTIONS IN SAINT JOHN HARBOUR AND BAY OF FUNDY

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, I should like to ask the Minister of Fisheries whether he received a report on the meeting held in Saint John between his officials and fishermen in respect of the severe salmon fishing restrictions in that harbour, and is the minister prepared now or will he undertake later to give an indication of some relief following this very helpful and optimistic meeting?

Hon. Jack Davis (Minister of Fisheries and Forestry): Mr. Speaker, there have been meetings, as the hon. member has mentioned. I have not been satisfied with the relations between some of our people and the fishermen. But the situation is serious and drastic action has been called for.

Mr. Bell: A supplementary question, Mr. Speaker. Will the minister give an undertaking to make a report this week on the result of these meetings before the season reaches a stage where relief would not be possible even if it were desirable?

Mr. Davis: I would be glad to consider it, Mr. Speaker.

WATER RESOURCES

NEW GLASGOW, N.S.—POLLUTION OF FISHERY

Mr. Colin D. Gibson (Hamilton-Wentworth): Mr. Speaker, I have a question for the Minister of Fisheries. Will he investigate the dangerous pollution crisis which is causing the death of fish and the destruction of beach lands as a result of the operations of the Scott Paper Company at New Glasgow, Nova Scotia, which ought to be inspected by the Nova Scotia government, which has failed to do so?

NEWFOUNDLAND—POLLUTION AT LONG HARBOUR—APPROVAL FOR ELECTRIC REDUCTION COMPANY PLANT

Mr. Walter C. Carter (St. John's West): Mr. Speaker, I should like to ask the Minister of Fisheries and Forestry whether the Newfoundland government requested any approval from his department or the federal government in respect of the establishment of the Electric Reduction Company plant at Long Harbour?

Hon. Jack Davis (Minister of Fisheries and Forestry): The correspondence to which the hon. member refers occurred about two years ago, Mr. Speaker.

Mr. Carter: Mr. Speaker, perhaps the minister could refresh his memory. Can he tell the house whether the federal government received a report from the Bedford Institution of Oceanography wherein he was informed that—

Mr. Speaker: Order, please. The hon. member is referring to correspondence which took place some time ago. If he wants to refer to correspondence, I believe the way to do it is by a motion for the production of papers.

Mr. Carter: Let me refresh the minister's memory. Is he aware of a statement made in Newfoundland last Wednesday by the premier of that province in which he said that the federal government was responsible for the pollution? I am wondering whether the Department of Fisheries and the federal government have now accepted responsibility, and what steps they are taking to compensate the fishermen who have been affected by this pollution problem?

Mr. Davis: Mr. Speaker, it has been established that the company producing phosphorous is responsible for the pollution. The federal government is compensating the fishermen in the area at the present time for their loss of income.

[*Later:*]

Mr. James A. McGrath (St. John's East): Mr. Speaker, in relation to my supplementary question I should like to ask the minister whether he is aware of the answer given in the house last Friday by his parliamentary secretary? In view of this pollution and the fact that the compensation to the fishermen is inadequate in the opinion of the fishermen, and in view of the fact that the minister's parliamentary secretary accepted full responsibility regarding this matter, will the minister say whether the government is now prepared to compensate justly the fishermen of Newfoundland?

POLLUTION BY D.D.T. OF INLAND FISHERY

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, my question is perhaps a related one. About a week and a half ago I directed a question to the Minister of Energy, Mines and Resources regarding the possibility of government tests in respect of inland waters and the effect of d.d.t. poisoning on fish. The minister said that this matter was perhaps the responsibility of the Minister of Fisheries. I should like now to direct this question to the Minister of Fisheries. Is he in a position to make a statement now in this regard?

Hon. Jack Davis (Minister of Fisheries and Forestry): Mr. Speaker, an investigation is going on at this time. Perhaps I will be able to make a statement later.

CANADIAN CONFEDERATION

CONSTITUTIONAL LEGALITY OF PROPOSAL BY QUEBEC TO HOLD REFERENDUM

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, earlier this afternoon the Prime Minister was asked a question regarding a referendum in the province of Quebec on the subject of separation. His answer was somewhat uncertain. I do not say that critically, but I should like to ask him whether it is not a fact that there is no right on the part of the federal government to say to any province that it may not proceed to conduct a referendum, as long as it does not go beyond that in endeavouring to carry the results of the referendum into effect?

Right Hon. P. E. Trudeau (Prime Minister): That is a good question, Mr. Speaker. As I answered the previous question, it is this type of problem we are now studying. This involves a constitutional matter and is one in respect of which I cannot come up with an offhand answer.

NATIONAL DEFENCE

NATO—REDUCTION OF FORCES BY OTHER COUNTRIES FOLLOWING CANADIAN ACTION

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I should like to ask the Minister of National Defence whether Canada has made representations to the governments of other NATO countries asking them to follow Canada's intention and begin to reduce their own forces in NATO?

Hon. Léo Cadieux (Minister of National Defence): No, Mr. Speaker.

Mr. Nystrom: Mr. Speaker, is it the intention of the government to make such representations to the governments of the NATO countries?

Mr. Cadieux (Labelle): No, Mr. Speaker, except through the disarmament conference.

POSSIBILITY OF REDUCED FUNDS CAUSING REDUCTION IN ARMED FORCES STRENGTH

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I should like to ask the Minister of National Defence whether the formula of the current dollar level for the defence budget means that manpower will be laid off because of inflation and—

Mr. Speaker: Order, please. I have the impression that the question as asked is—

Mr. McCleave: It was not asked in that way.

Mr. Speaker: I would think it was not asked in an acceptable form in that it gives the impression of being argumentative.

Mr. McCleave: Mr. Speaker, on a point of order, I am simply asking whether as a result of the current dollar level the axe will fall on weaponry programs or on the men and women employed by the Department of National Defence. This question is of serious concern to my area and I think it should be answered.

Mr. Cadieux (Labelle): Mr. Speaker, if I may try to answer that question, which I would call hypothetical, I might say it is obvious that the effect of a fixed budget for three years in a period of escalation might possibly result in some erosion. Of course, it is our hope that if this happens it well happen through normal attrition and not through forced attrition.

[*Later:*]

NATO—POSSIBLE CHANGE IN CANADIAN PROPOSAL AT BRUSSELS RESPECTING PHASED REDUCTION

Mr. T. C. Douglas (Namaimo-Cowichan-The Islands): Mr. Speaker, I should like to ask a question of the Minister of National Defence. I understood from his statement that certain proposals of Canada with respect to a phased reduction of its military forces in Europe are now under discussion by the military section of NATO. Are these the proposals which the minister first placed before his colleagues at Brussels, or has there been some change in the proposals as a result of the meeting last week?

Hon. Léo Cadieux (Minister of National Defence): There was no change, Mr. Speaker. These are the proposals and the concept that I advanced at the NATO meeting.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. Roughly, what is the timetable that we may expect? How soon will the minister be able to tell the house what definite decision has been reached with respect to a reduction of our European forces and when this will come into effect?

Mr. Cadieux (Labelle): Mr. Speaker, I think I did indicate a moment ago that unfortunately I am not in a position—and I am trying to be as honest as possible, like always—to indicate when it would be possible for me really to unravel the plan that we have submitted or the one that would be suggested or accepted. This depends on the nature of the negotiations that are going on. As I indicated, these have to go on at different levels and it may take some time before they reach the ministerial level. I have always pinned my hope on the fact that I could before the recess do something about it, but I am afraid I will have to disappoint my hon. friend. This is, unfortunately, the situation.

Hon. Robert L. Stanfield (Leader of the Opposition): A supplementary question, Mr. Speaker. Would the Minister of National Defence accept my condolences for serving as Minister of National Defence and attempting to carry out the instructions which the government is trying to work out for this country?

REGIONAL DEVELOPMENT

INDUSTRIAL INCENTIVES BILL—REQUEST FOR CONSIDERATION BEFORE SUMMER RECESS

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, my question is for the President of the Privy Council. Will the minister give the house the assurance that Bill C-202, the industrial incentives bill, will be called before the house recesses for the summer?

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, as the hon. member will understand, this very much depends upon the progress made generally in respect of the business of the house. It is, as indicated, the wish of the government that it should receive early treatment.

Mr. Lundrigan: Mr. Speaker, I ask the Minister of Regional Economic Expansion whether he will make a statement on motions tomorrow in response to suggestions made by hon. members for an interim, short term, crash program for the province of Newfoundland in lieu of a long term program, and whether this short term program would fit logically into his long term program which has not yet been announced?

Inquiries of the Ministry

Hon. Jean Marchand (Minister of Regional Economic Expansion): No, Mr. Speaker, I do not intend making a statement on motions on this matter.

Mr. Lundrigan: A supplementary question, Mr. Speaker. Would the minister say whether he is prepared to leave off the Tom Sawyer philosophy and take one of the coats of paint off all the—

Mr. Speaker: Order, please.

POST OFFICE DEPARTMENT

SALE OF SIX-CENT POSTAL CARDS—ALLEGATION OF MINIMUM QUANTITY CONDITION

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I would like to address a question to the Postmaster General. Can the minister say when the new postal regulations went into effect which prevent postal patrons from purchasing six-cent postal cards in less than 100-lot quantities?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): There are no such regulations, Mr. Speaker.

Mr. Speaker: Order, please. I feel the question should be placed on the order paper.

Mr. Mazankowski: With all due respect, Mr. Speaker, I think this question is of some urgency. I have evidence of certain patrons visiting post offices and being asked to buy postal cards in lots of not less than 100. Perhaps I may have Your Honour's indulgence to ask the question.

Mr. Speaker: Order, please. In view of the fact that the question period has terminated, perhaps the Postmaster General might want to reply to the question on government time.

Mr. Kierans: Mr. Speaker, if the hon. member will send me his evidence I will certainly look into it.

GOVERNMENT ORDERS

NATIONAL HOUSING ACT, 1954

AMENDMENTS CLARIFYING DEFINITIONS AND DEALING WITH THE INTEREST RATE ON INSURED LOANS, AND OTHER MATTERS

The house resumed from Friday, May 30, consideration of the motion of Mr. Trudeau

[Mr. Lundrigan.]

that Bill C-192, to amend the National Housing Act, be read a second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

[*Translation*]

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, when you called it four o'clock last Friday, I was saying that the government was not serious in the least and had no intention whatever of truly helping Canadians in the low income bracket to become home owners or even to acquire one day adequate housing which they can afford.

In my opinion, Bill C-192 is not designed to help the Canadian people. The only trust it is meant to help is, I believe, the profiteering trust which, for the last three years, has increased the interest rate on mortgage loans.

The cost of building materials has never been as high as it is today, lots have never been so dear, the interest rate has never been so prohibitive, the direct and indirect tax on building materials has never been so heavy. School and civic taxes on lots and houses have never been so high.

And how does Bill C-192 propose to correct the situation? To extend the reimbursement period for the loans, in some cases up to 40 years! Mr. Speaker, that is to care not at all about the Canadian people, especially about those in need of houses or dwellings. If the government does not try to reduce the interest rate and the price of land so that housing construction might be possible, if it does not reduce the price of building materials, if it does not assist municipalities with their residential development, if it does not abolish the tax on building materials, I submit, Mr. Speaker, that Bill C-192 is nothing but a monstrous "fake" and mere window-dressing to fool those who are not at all conversant with finance. In fact, for those who know something about finance, it is a monumental farce.

If the Canadian people were aware of these facts and of the double play indulged in by politicians who spout high sounding words like "the just society" but who are, in fact the slaves of high finance, I say that in no time at all they would send home those politicians who are unable to give them the results they want.

We members of the Ralliement créditiste intend to continue to expose the injustices of our present society and the submission of people to the whims of high finance.

[*English*]

Mr. Charles Turner (London East): Mr. Speaker, I would like to take this opportunity

to congratulate the minister on his appointment as minister in charge of reporting for the crown corporation, Central Mortgage and Housing Corporation. At this time I would like to thank the hon. member for Trinity (Mr. Hellyer) for his hard work over the years and his deep concern for the working people of this great nation regarding their housing problems.

• (3:50 p.m.)

The riding of London East is comprised of part of the old city of London and the new part which was annexed a few years ago. The people in the offices and factories of our great city are hard workers, and they take great pride in the development of their city. Many have bought homes in the new subdivisions and many others are patiently waiting for their turn. This bill, I hope, will fulfil all of their dreams.

I consider Bill C-192 to be one of the most important pieces of legislation that has come before this new parliament. This bill reaches the very heart of many problems facing the people of this nation. Every Canadian family should be entitled to a home, if they desire one, as a basic, human right. We have been told that the average wage earners in the $5,000 to $7,500 range, who in most cases do not qualify for public housing assistance, should not have to seek such assistance in any case. With the present general level of living costs and with single family dwelling prices what they are, the home ownership dream of many of our Canadian families is just that—a dream.

I ask all hon. members to look at these figures of $5,000 to $7,500. They work out to an average weekly wage of a little over $96 up to over $144. How many working Canadians make these wages? Approximately 1,663,-120 people do. What happened to the old concept of some years ago according to which we were told that the guideline should be one week's wage for one month's rent or one month's mortgage payment? That was all the home seeker could afford without going into debt. The only time this theory works is when one applies for a mortgage and is told, "But you do not make enough money." Mr. Speaker, there is something wrong with our system when the average Canadian cannot afford to buy a home that eventually he can call his own. Somebody is making a lot of money, and it is certainly not the average Canadian.

In view of the desire of most people to own their own homes, and also in view of the high cost of housing, it is clear that there is no one solution to the housing problem. Since the cost of housing is affected by many factors such as the cost of land, the cost of material, the cost of labour, and the cost of financing, it would require a substantial reduction in the cost of these factors before a significant solution could be found to our housing problem. Unfortunately, a close analysis of these facts soon reveals that little can be done to reduce costs. A reduction of approximately $5,000 would be required before the average wage earner could begin to consider buying a home.

It is obvious that some measures can be taken to account for a small portion of this sum. For example, an end to land speculation might account for perhaps $1,000, depending on the area and the availability of land. Reducing the interest rate might result in a large long term saving, but the monthly payment would be reduced only slightly. However, a lower interest rate would affect very little the selling price of the house or the down payment on it. On the other hand, a lower interest rate might reduce moneys available for housing. The cost of materials could also be reduced by the reduction or removal of the taxes imposed upon materials, but the government must then find other means of raising revenue lost by such action. In analysing the last factor in the high cost of housing, the cost of labour, one need only look at the trend in the construction industry to see that a reduction in the cost of labour is impossible. If the steps I have outlined are taken, the reduction in the cost of housing would still not approach the $5,000 figure required. Therefore some other method is required to reduce the costs further.

One method would be low cost housing, the use of new techniques to reduce the amount of outside labour required, as well as the reduction, where possible, of the amount of material required, and the replacement of some costly materials with less expensive but otherwise adequate types. This method, however, is not permitted in some areas because of building codes which are outdated and pertain to antiquated construction methods.

A complete revision of the national building code with an eye to the future would help to reduce the cost of housing, especially in respect of floor area requirements. The national building code of Canada, in my opinion, is the only existing code which has any

chance of universal acceptance. It should be constantly updated and applied from east to west across this great land of ours, with no exceptions. The manufacturers of building materials could then achieve the lowest possible cost, because their production runs could be put on a year-round basis and common articles could be mass produced. Designers of buildings waste many man hours redesigning structures to suit the requirements of the individual communities in which they are built. The designer must spend hours studying in detail the building regulations of each community in order to be sure that his building will conform to local requirements. A standard national building code would eliminate these wasted man hours.

The processing of raw acreage lands into registered building lots, with paved roads and sidewalks, is an important part of house construction. This phase of construction is one of the most troublesome problems for house builders. Speculation, delay due to red tape, and excessive demands for subdivision services have all added to the increase in the cost of building lots and have slowed the development of houses in many areas. Municipalities should extend services quickly enough to put into use a number of serviced lots in excess of demand. They should speed up new zoning laws, and enter into agreements with honest land developers in order to hasten the drawing up of new plans for subdivisions. The availability of plenty of serviced land would bring about a reduction in basic land costs of between $500 to $2,000 per lot, depending on the area.

At this time, Mr. Speaker, I think we should take off our hats to the residential construction industry as it exists in Canada today because construction costs have risen less than the cost of most other commodities. Only an efficient industry could have done that. Most builders now make extensive use of many articles that are precut, prepainted and finished in a factory before they are delivered to the job.

In the ridings of London East, London West and Middlesex, there are hundreds of acres of raw land. If the three levels of government moved together and eliminated the red tape and excessive land profiteering, and if private enterprise were permitted to construct housing through programs unhindered by lack of serviced land, we could soon put all our people into homes they could afford.

People should be allowed to choose whether they wish to live in high-rise apartments or homes with small lots at rentals or mortgage payments equal to the wage they earn. We should have new subdivisions with new homes for people to move into before we allow older homes to be torn down in any building renewal scheme. If it is feasible to renovate the older homes, then the provinces or cities should take it upon themselves to do this.

The new housing legislation introduced by this government will go a long way toward helping to cure our housing problems if all levels of government, together with the building industry and labour, co-operate in the interests of all Canadians.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, other members of the official opposition have dealt with various aspects of the proposed amendments to the National Housing Act and of the speech made by the Minister without Portfolio (Mr. Andras) in charge of housing. Today I just want to emphasize two or three points, and I hope I will not be too long.

• (4:00 p.m.)

First of all, I would like to say to the minister that by removing the freeze on public housing projects and by redirecting a greater part of the C.M.H.C. budget toward low income housing, I think he is demonstrating a sincere concern for the housing needs of Canadians with low incomes. I think he has also demonstrated his view that the freeze was probably a mistake in the first place. I compliment him on taking this step. We in our party support him in this action and we encourage him to do much more in this regard. Three-quarters of the wage-earners of this country have incomes of less than $5,000 a year. I understand that as many Canadian workers earn less than $4,000 as make more than that amount. Canadians with small incomes have two separate types of housing problems. The first, of course, is bad housing, often made worse by overcrowding. This accommodation ranges from places where the roof is falling in to places where there is no plumbing. Housing of this type is still a serious and widespread concern.

The second problem is, of course, that of high rents and prices. Housing experts agree that a family should not spend more than 20 per cent of its income on shelter. For a family which earns $3,000 a year this means $50 a month. Even if it is held that a family may spend 25 per cent of its income on shelter it amounts to something like $60 a month. But

very few Canadians can find any housing or, at least, good housing, at this price. The result is, of course, that many thousands of Canadians living on low incomes pay a much higher proportion of those incomes for housing than is proper.

Each of these problems is bad enough in itself, but the two are often combined—bad housing and high prices. In human terms, the price is one which Canada cannot afford. This is why the modest effort presented to the house by the minister will receive our support and why we insist that much more must be done.

The proposed amendment to section 35C will be useful in connection with the land assembly program as well as for public housing and residential development. It is all to the good. I notice that the minister, in order to get the loans for this land assembly program going, is consulting with the provinces—at least, that is my understanding. I say this is right. It should have been done at the outset when the task force began its operations. I emphasize the need for speedy action. Programs involving land assembly take time before becoming effective and this one should have been under way long since. It should have been in high gear by this time.

As the operation of supply and demand continues, land prices continue to spiral. The results are all too clear for us to see. While over-all housing costs rose by 80 per cent between 1961 and 1968, the price of serviced land increased by 240 per cent. This is why we in our party have for some time placed emphasis on the need for the federal government to involve itself in a land bank program even though many supporters of the party opposite described this during the election campaign as socialism. I must stress how far short the minister's program falls of what is required in connection with housing in Canada today. I want, for the good of the country, indeed for the sake of the very unity of the country, to force this government to understand that the need for housing is in many cases critical and desperate and to come to terms with the long range underlying economic factors which have produced this crisis in housing affecting Canadians with low incomes.

Housing cannot be considered in isolation. It must be considered in relation to broader economic programs. Obviously, inflation has a great bearing on the difficulties which many experience in connection with housing. Continued inflation imposes a particularly serious burden on Canadians receiving lower incomes. I must once again describe the efforts of this government to combat inflation as halfhearted and ineffective. There is no need for me to elaborate. It is sufficient to say that the only program so far adopted by the government to fight inflation has been the establishment of a prices and incomes commission recommended, after many months of delay, in December. The chairman of this commission was appointed only this month and as far as we know the balance of the commission has yet to be appointed.

An adequate housing program must be integrated with an effective anti-poverty program. The Economic Council has documented the incidence of poverty in Canada. Yet the government abandoned the war against poverty even before it was begun; any machinery which had been set up to co-ordinate an effective approach was dismantled despite the fact the Economic Council had called on the government of Canada to accept the challenge of poverty in the nation and to meet with the provinces for the purpose of mapping out an integrated attack. As far as we can see, nothing has been done in this regard.

Then, of course, in addition to general economic programs, the control of inflation and an effective integrated anti-poverty program, policies related to environment are obviously essential in carrying out a housing program on any scale. The minister talks about pollution but little action is taken, and I am sure there is no effective organization within the government to develop, let alone carry out, effective, co-ordinated programs or to provide leadership in this country in the battle against pollution. Indeed, if one looks at the over-all housing policy, if one considers the attitude of the government toward inflation, if one considers the lack of any organized attack upon poverty, one is impressed only by the chaos which exists in government planning. In fact, I would say that the chaos in this field is almost as bad as the chaos which has developed in the area of national defence.

The proposals of the government as put forward by the minister are halfhearted. Why was it necessary for the people of Canada to wait a whole year for this little program which is now being proposed? Why should the people looking for housing, the people experiencing housing difficulties, have to wait a whole year for the government to come forward with these inadequate proposals? I suggest part of the reason is that the Prime Minister (Mr. Trudeau) has a constitutional hang-up. And part of the reason is that he

does not believe that housing represents much of a problem for Canadians.

I have a good deal of sympathy for the position taken by the hon. member for York East (Mr. Otto) when he said last week: "I cannot understand for the life of me how we got into a constitutional question with regard to housing." The hon. member's real difficulty lies in understanding the Prime Minister, and I do not blame him for that. One day the Prime Minister says that under the constitution as it stands we are unable to attack problems of housing and pollution on any level of government. Speaking in the House of Commons on February 14 last the Prime Minister, in referring to the challenge of pollution and difficulties in the area of housing said, as reported at page 5524 of *Hansard*:

• (4:10 p.m.)

> This challenge of pollution of our rivers and lakes, of our farmlands and forests and of the very air we breathe, cannot be met effectively in our federal state without some constitutional reform or clarification. It is important that we know which level of government is responsible and, if both, in what way they are ready to co-operate through the use of the spending power and other devices to permit these problems to be tackled properly.
>
> I believe this is true of many other problems which are sometimes brought to the attention of this house, problems such as urban renewal of housing and urban transport. These problems cannot be dealt with properly because the present constitution is either silent or vague about the level of government which has the legal competence to tackle them. Until the constitution is brought into the 20th century in some of these respects, governments are to a large degree powerless to solve the problems either by acting alone or in co-operation with other levels of government.

On February 14, therefore, the Prime Minister expressed a viewpoint about certain constitutional difficulties. The former minister of transport believed that the Prime Minister held those views. On the one hand, the Prime Minister said that under our present constitution no level of government, alone or in co-operation with other levels, can do an adequate job with housing and urban problems. On the other hand, on the day the former minister of transport resigned his portfolio the Prime Minister said:

> But the history of these facts will demonstrate that we took this position from the start, that most of the fundamental issues in this country could be settled under the present constitution through co-operation between the federal government and the provinces.

I ask you, Mr. Speaker, is it possible to take seriously a Prime Minister who says in February that certain problems cannot be resolved until there is a constitutional change and who says immediately after a minister resigns that, after all, these problems can be solved under the present constitution through co-operation? I ask the real Prime Minister of this country to stand up. It is difficult for us to know which of these views he holds.

The Prime Minister may have important views affecting our ability to solve certain problems under the existing constitution. Nevertheless I must say emphatically that we cannot wait for constitutional reforms before making a serious attack on housing and other problems. Having read his remarks I have concluded that fundamentally the Prime Minister does not believe the solution of this problem is important. Neither does he believe that the problem of housing is urgent in Canada. As a result the government has dragged its feet for the past year and used constitutional difficulties as an excuse.

When the former deputy prime minister of this country who was in charge of housing resigned, what happened? There was a little flurry of activity which led to no effective organization of planning procedures. There has been no effective move to co-ordinate and develop housing programs and relate those programs to other valid programs dealing with poverty in Canada. Therefore the program the minister has introduced appears to be simply a reaction to his predecessor's resignation.

I say emphatically to my colleagues in the house that it is our duty to keep the heat on the minister and the government. The government not only must move forward with the type of housing program we need but it must also establish machinery that will deal with other programs related to the areas of pollution, poverty or what have you. It must establish effective programs that will deal with housing needs and with other related needs of the people. Unless heat is applied to the minister and the government the fear brought on by the resignation of the former deputy prime minister will quickly evaporate.

Our problems must be attacked effectively. We have suggested that planning ought to be brought under the authority of a department of housing and urban affairs which would co-ordinate research and planning and give leadership in developing policy in this field. Someone may have a better idea than this. The government may have something better in mind. If so, it ought to bring it forward. Certainly, sir, giving limited responsibility to a Minister without Portfolio, earnest though he may be, just will not do. Certainly any

authority C.M.H.C. may have will not prove adequate for the job that is to be done.

As I say, we are at present considering the government's reaction to a fright resulting from the resignation of a minister. We are not dealing seriously with a co-ordinated attack on housing problems and other related problems in this country. When one considers how little is being done in this measure to help low income Canadians obtain decent homes, one can come to no other conclusion. Certainly something is being done about public housing, but what do the minister's proposals mean for the hundreds of thousands of Canadian families not eligible for low income housing? Those families have incomes of not more than $8000 or $9000 a year. They must earn more if they are to afford a home financed under the provisions of the National Housing Act. I ask, in what way do the minister's proposals assist those hundreds of thousands of Canadians? For those people this measure surely is a mockery.

Some hon. Members: Shame.

Mr. Stanfield: It is a mockery, sir.

Some hon. Members: Hear, hear.

Mr. Stanfield: The difficulties of those families have been increased by rampaging inflation. We urged the government, as an interim measure to curb inflation, to consider setting up guidelines in co-operation with industry and labour. But the government has done nothing, sir—nothing. It has not even completed appointing the commission that was recommended in the white paper months and months and months ago.

The report of the Task Force on Housing recommended that the government give relief to our people by abolishing the 11 per cent sales tax on building materials which Liberal predecessors of hon. gentlemen opposite imposed four years ago. The money raised through this tax could be raised in other, fairer ways, which would impose a lesser burden on our Canadian families.

When one considers present interest rates which are making it very difficult for many Canadian families to acquire a home, high interest payments making houses expensive to carry and apartments expensive to rent, one must conclude that neither the minister nor the government are doing anything to bring those rates down. I say, sir, if you cannot help our people, at least you should not increase the burden on the ordinary Canadian.

Some hon. Members: Hear, hear.

Mr. Stanfield: What government having at heart the best interests of the Canadian householder would seriously consider at this time removing the interest ceiling on C.M.H.C. mortgages and abolishing the maximum differential permitted between long term government of Canada interest rates and the maximum that may be received with respect to mortgages? I am referring to government guaranteed loans in connection with housing. What government thinking of the ordinary Canadian would consider doing this when we see increasing indications that money is to be in short supply and that there is to be competition for available dollars? There is every indication that interest rates will rise further. Indeed, rates have been rising so steadily that one can take increased rates almost for granted. Our expectations in this regard are fortified by predictions.

• (4:20 p.m.)

I know that orthodox finance is in favour of taking off the ceiling. I say that orthodox finance is not always right. If the government takes the position it is necessary to remove the ceiling in order to get more money into housing, that at least is an honest position, although it would probably result in people paying higher interest rates. But for the government of Canada to put forward this proposal and seriously suggest at this time, in view of the current and anticipated conditions in the money markets, that removing the interest ceiling will lower interest rates on C.M.H.C. loans is pure folly. If the government cannot do something to help poor Canadians, for goodness sake do not make things worse.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I would like to congratulate the Minister without Portfolio (Mr. Andras) and at the same time commiserate with him. I congratulate him because I think he has assumed extremely important functions. I believe this government will be judged by its performance in the field of housing. I want to commiserate with him because I have a feeling that the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. Benson) are not prepared to consider housing with that high degree of priority that is essential to success in coping with the problem.

I was encouraged, however, by the frequent references in the minister's speech to his particular concern for low income groups. It was, he said, the poor, the aged and the handicapped in search of decent shelter that he sought to assist. He is absolutely right. These are the people who need his assistance. I hope the minister realizes what a revolutionary change this whole concept is that he announced. The whole thrust of Canadian government policy in the housing field has been in the direction of encouraging building for the upper income levels in the vain expectation that the benefits would eventually trickle down to those in desparate need of shelter. This philosophy needs to be reversed. I hope the minister will reverse it. I find comparatively little in the present legislation to support this theory despite the decision the minister has made, but nevertheless I look forward to helping and encouraging him in any way possible to see that those who are in desperate need are the ones who are assisted by the government.

Housing, as the minister and anyone who has looked into it knows, has a great many facets. I propose to deal with one aspect only. It is an aspect that is frequently ignored and neglected in government intervention in the housing field. I refer to the importance of federal assistance and encouragement in maintaining the existing stock of housing. What sense does it make to achieve targets of new construction and to proceed to urban renewal demolition and redevelopment if blight and decay are to reduce the usable stock of older housing through the lack of incentive and lack of effort to maintain that stock? For every person concerned with the problem of acquiring new housing, there are ten faced with the problem of repairing and renewing the housing they already live in.

Before I get down to the discussion of this problem and what I suggest should be done about it, I would like to state a general philosophy on the subject of housing. Housing is not simply a commodity to be provided like goods and services. It is also more than a necessity to be made available through charity. Housing is a basic element in our social existence. Its provision and quality are a major concern of public policy. Several members on the government side of the house have raised doubts as to the constitutional responsibility of the federal government for housing. I was happy to note that the minister himself made no such reference in his speech.

[Mr. Brewin.]

Administration of housing is a local and municipal matter. It is true it comes under provincial jurisdiction in our constitutional scheme. I suggest that the federal government has by virtue of its taxing and spending powers under the constitution a constitutional power and therefore a constitutional authority and duty to aid in the financing and provision of housing and to give leadership in this field.

I believe housing is a vital ingredient in the development of the quality of life of the Canadian people. It is central to the nation's economic and social evolution. Canadians will insist that the federal government tackle vigorously what has been justly called the housing crisis. This crisis is the product of many years of neglect. It will not be cured overnight. It will require many years of cooperative effort to find solutions.

However, as I have said, I want to deal with one particular aspect of housing, namely, government action to relieve the burden of home owners and enable them without undue difficulty to maintain and indeed improve the standard of housing they now have. My constituency is a typical middle and low income residential area. There are thousands of older homes which were built at the end of the last century or the beginning of this century. Many of them are 50 to 70 years old. I wish to state emphatically they do not constitute a slum. Generally speaking they are not substandard or decayed. They do not qualify for nor do they need urban redevelopment schemes. They are in attractive surroundings, well serviced with schools and other facilities. The people who live there are small home owners, many of them living on pensions or small wages. Their homes are a cherished possession. They do not wish to move, and they certainly do not wish to be the subject of an urban renewal scheme.

As the tax rate constantly increases, the prices of services such as heating rise. When they are faced with the necessity of repairs or the desire to make improvements to their homes, they do not have the financial ability to borrow from financial institutions nor the capital to proceed on their own. As I will explain later, the existing legislation is of no help to them. The municipalities have the responsibility of trying to enforce housing standards so as to prevent deterioration. They find it difficult to do so when no adequate financial aid to rehabilitation is available.

In a recent review of the task force report published by a committee of the Social Planning Council of Toronto, it was said that the

enforcement of minimum standards bylaws must be backed by adequate grants and loans to home owners as an incentive to maintain and restore older properties. The report goes on to say that the implication of the report of the task force, that there is no basis for state intervention in the maintenance and modernization of buildings, is not acceptable to the Social Planning Council. They say:

There is little doubt about the difficulty of establishing a policy which safeguards the right of the state and the responsibility of the individual in the preservation and rehabilitation of existing housing stock. We are convinced that public funds must be used to assist low income people to maintain or bring their properties up to a standard established by the state.

• (4:30 p.m.)

In fact, as we have already stated, without such aid the housing of low income people, many of whom live in substandard dwellings, will be worsened.

I commend that statement of the Social Planning Council to the minister, and I commend the policy that is contained in it.

The point I am trying to make is that in older and established urban areas, such as my own constituency of Greenwood, there is an urgent need for government aid by way of loan, grant, or tax exemption to encourage and enable the maintenance and improvement of the existing housing stock. Without such action future decades will see the spread of blight and decay requiring urgent and infinitely more expensive action by way of urban renewal, and great social costs in the interim. I do not deny that the construction of new housing, particularly of public housing, is urgent, but I plead that the preservation and conservation of existing residential areas which are threatened should receive a much higher priority than they now have.

But it may be said that the present legislation does indeed provide that in urban renewal areas federal contributions are to be available for the acquisition and rehabilitation of useful housing in urban renewal areas. I believe that clause 10 of the bill provides for an amendment to section 23B of the act, which the minister has told us will make it possible to restore housing rather than to demolish it, and to upgrade that part of the housing stock which can be salvaged.

I say to the minister that this is a good idea and I support it, but the fact is that it does not begin to meet the problem I have raised. It applies only within urban renewal areas which, by definition, are blighted or substandard areas. What I am thinking of is not rehabilitation in areas already blighted or substandard, important as that may be, but of rehabilitation with government assistance of areas threatened with blight but which by no means are blighted or decayed now.

The city council of Toronto, in a brief reviewing the task force report, adopted on February 26, 1969, has this to say:

The city suggests rather (than renewal of designated areas) an entire new orientation to renewal which would place the accent on a program of action—physical, economic and social—rather than a geographic area. Such a community improvement program could embrace large sections of the community, removing the stigma of designation—

That is designation as a blighted or substandard area.

—quite effectively. This would involve a program for much larger areas, ideally citywide at some future point, which if supported by soundly conceived legislation would permit the cities to carry out renewal with no more disruption to the community than occurs every year with the execution of a routine program of public works.

I believe that the city council of Toronto is on the right track and that the minister should discuss with the provinces, and through them with the municipalities, the development of community improvement programs, offering generous financial participation on the part of the federal government. I believe such an approach would do far more with far less expense to aid in the solution of our housing problems than many of the more expensive and elaborate schemes that we now have.

But it may be said that I am overlooking what has already been done and is being done by way of loans for home improvement under the Home Improvement Loans Act. Someone might ask me, "Have you not observed that the legislation now before the house raises the ceiling on home improvement loans from $550 million to $600 million?" Indeed, Mr. Speaker, this sounds very generous, and these figures sound very large, but on analysis the significance of these high-sounding figures is quickly dissipated.

The annual report of Central Mortgage and Housing Corporation makes it clear that the figure of $550 million represents the accumulated loan total of the banks since 1955 when the scheme was initiated. The actual accumulated total spent never reached the ceiling permitted by the legislation. At the end of 1968 the actual 13-year total was $479 million, $71 million less than the authorized total. The amount actually advanced

annually was diminishing. In 1968 the banks advanced $23.9 million compared with the 1967 figure of $35.2 million. At this rate it would be roughly three years before there was any need to raise the ceiling. I wonder whether the minister has noticed that this looks very like window-dressing, when you raise the ceiling long before you have reached the ceiling.

But even these figures are misleading. The federal government commitment on home improvement loans is limited to 5 per cent of the total loans by each of the banks. In other words, the maximum involvement of the federal government in the 13 years since 1955 was $21 million, or $1.6 million a year. This was the government commitment, but of course the actual commitment was not called upon.

According to C.M.H.C. figures the total 13 years' claims and legal expenses paid by the federal government under the home improvement loans scheme amounted to $2.9 million, of which $600,000 or so was recovered. The total expenditure, therefore, in 13 years for the whole of Canada on home improvement loans by the federal government amounted to $2.3 million, or $177,000 a year, so that the big talk of raising the ceiling from $550 million to $600 million means very little when you look at the real government contribution of only $170,000 a year across Canada. I say that this is not a serious contribution to the solution of the problem.

The home improvement loans scheme has failed to achieve any worth-while purpose. Who got the benefit of these loans which were partially subsidized or at least supported by the government? It is fairly obvious it was those who needed them least, people whose incomes and credit were good enough to have borrowed the money from the banks in any event. The small home owner, the pensioner, the widow with a house as her only security, would not have got a loan under this scheme, and perhaps with interest rates a paltry 9⅜ per cent, or whatever the figure is now, they would not have been anxious to obtain home improvement loans at such rates. In other words, the home improvement loans scheme has been of no help whatever to the group of people who I say are the ones in greatest need of assistance for the maintenance of their homes.

The whole approach of the home improvement loans scheme needs to be rethought. To those in real need of funds for rehabilitation, those on small incomes, government loans could be made at small or nominal interest rates, with generous terms of repayment either on transfer or sale of the property, or on succession. The income tax structure should be studied to see whether tax exemptions for properly qualified home improvement payments should be allowed.

The minister made it very clear that he would welcome suggestions from members. I would urgently request him to have a serious study made of what can be done by way of loans and tax exemptions to encourage home owners to modernize and maintain their housing. Such policies would lift an immense burden from the backs of those who are today struggling to maintain their homes against the ever-growing burden of taxation and the cost of repairs. It would make a real contribution to the solution of the housing crisis for hundreds of thousands of Canadians. It could be done without immense expense and with the co-operation of provinces, municipalities and the people themselves. I hope that the minister will give this aspect of his duties very serious consideration.

• (4:40 p.m.)

Mr. Philip G. Givens (York West): Mr. Speaker, I rise in this house to speak for the first time and I hope hon. members will be forbearing and charitable in receiving my remarks. I should like my first remarks to be ones of congratulation to the Minister without Portfolio (Mr. Andras) in charge of housing who I thought did a fine and creditable job last week in presenting this bill to the house. Much has been said about whether he is a minister in his own right and the fact that he is a Minister without Portfolio. I understand some of his Indian friends used to say he was a minister without suitcase. In any event housing has now become his bag, whether it is a portfolio or a suitcase. There are those on this side of the house who would like to see him carry this bag well and for a long time. I suppose there are hon. gentlemen opposite who would like to see him left holding the bag.

I have wanted to speak on the subject of housing for a long time, Mr. Speaker, ever since last September when I first came here, but for reasons which are a matter of record you know this has been impossible. So I have had to content myself and be grateful for the wonderful and illuminating instruction I have received on the subjects of wet wheat, corn, fish, baby seals and the Newfie Bullet. I know these things are very important. They must be very important to have taken all the time

this house has given them. I am concerned, however, with the fact that close to 80 per cent of our population lives in the urban areas of this country. This parliament, if it is to be relevant, must manifest its concern with the perplexing and pressing problems of the urban crisis. If we do not do this now and over the period of the next ten years we will live to rue the day, just as is the case now in the United States of America.

This country has changed; it is changing. There have been changes which could never have been contemplated by the Fathers of Confederation over 100 years ago. We are not addressing ourselves to the problems. Canada has become a highly industrialized state instead of predominantly an efficient agricultural economy. The human pressures we are experiencing are tremendous. We must study and carry on dialogue in respect of these problems as we have done in respect of other things in this house. We talk about the subject of regional disparity which is so important to this nation. But I suggest with great respect that unless we address ourselves to the consideration of the problems of the urban areas there will never be the wherewithal to solve the problems of regional disparity in this country because the wherewithal will come not like manna from heaven but will be generated in the urban areas of this country.

At last the time has come to give consideration, however brief—if we do not make it brief we will never get this bill through before the house recesses on June 27—to the gut issue of housing which affects many people in the area I represent and a 300 square mile highly populated megalopolis of over two million people contiguous to it. I find it difficult to explain to my colleagues on both sides of the house the paradox that exists today in metropolitan Toronto. There is a great deal of wealth on the one hand and the abject and grinding poverty of the rat-infested slums on the other, these pockmarks and pimples of poverty which exist in that city.

There are approximately 16,000 families now in metropolitan Toronto who have their names on the list for public housing and about another 5,000 elderly people waiting for public housing. This situation has been brought about because approximately 60,000 people have been added to the population of metro Toronto each and every year for the past 20 years. We have seen our population grow from 650,000 in the old city of Toronto to over two million in 20 years. We have tried to adjust to the explosive change. To the extent that we have it has been our accomplishment; to the extent that we have not it has been our agony and anguish.

Much has been said about whether there is or is not a housing crisis. I think this is an exercise in futility. Is there or is there not a crisis? One cynic said that for those who are housed at prices they can afford there is no crisis but for those who are not housed there is. There is no housing crisis right across the board throughout this country like there was during the war years when people were scrounging around for rooms, but there most definitely is a crisis in the sense that the lower economic echelon of our population, of our society, desperately needs decent housing in a decent environment which they can buy or rent at decent prices or prices they can afford. Certainly there is no crisis for middle class people who live like royalty. The task force report indicated that we are one of the best housed nations in the world. So we are for the middle class and upper echelon people. We have gimmicks and gadgets which cannot be exceeded by kings and princes throughout the world. But for the lower income earners no such millennium has been reached.

I suggest, with great respect, that we must help the lower income group, those earning $8,000 or less. The man who wants to retain his dignity, self-respect and pride wants what we all want out of life, to be a somebody. He wants to have a piece of the action in our society. Maybe we should gear interest rates to income instead of gearing rents to income. We want to make people productive members of our society, people who will pay off the mortgages on their homes and mow their lawns. Do not force such people to be disinherited members of our society, hopeless and helpless so that they feel there is nothing to look forward to. A man should not be placed in a position where society has him licked. He is the backbone of this nation. He has the responsibility of trying to educate his children. He is not a welfare case. We should not make him into a welfare case. For those who are below this income level we need low rental housing.

I do not think that the task force report should be relegated to the scrap heap. There are a lot of things contained in it that should be studied, discussed, read and reread. We read in it about the loss of dignity and self-respect on the part of the people who live in

public housing. We still do not have the magic answer for that. We want to make people productive. The vandalism and juvenile delinquency in these places because the people are unhappy is appalling. They are stigmatized when they live in places like Regent's Park. It is costing us hundreds of millions of dollars anyway. It is not that we are not spending the money; we are spending the money. If we do not spend it in the proper way it will cost us more in the form of added welfare programs and police and fire protection.

I agree with the hon. member for Halifax-East Hants (Mr. McCleave) that Central Mortgage and Housing Corporation should be able to get together with the builders, developers, designers, creators, and architects to establish once and for all the proper criteria for public housing and establish once and for all the proper criteria for environmental factors because a house with a roof and four rooms is not enough. We should make ownership possible with incentives.

I like the part of this legislation which has to do with the rehabilitation of older properties. This is not so spectacular. The politicians cannot go out and turn the sod and put up big signs, but there is much to be said for the rehabilitation of old properties in the older section of Toronto to which my friend the hon. member for Greenwood (Mr. Brewin) referred. They are not so spectacular but these properties do not have to be serviced and would give us decent housing even though the stock of housing would not be increased immediately.

I should like to congratulate the minister for having been chosen as the minister, even without portfolio, in charge of housing. This is his exclusive problem now. Up until now we have spent millions of dollars on housing but it has been considered to be a secondary function or a kind of illegitimate responsibility which was assumed under the rubric of another portfolio or another responsibility. It is high time this ended and I am glad the Prime Minister has ended it. Housing is not solely a federal responsibility. Whether we like it or not this is so. These are the facts of life.

• (4:50 p.m.)

I think the minister will have to build a little fire under the officials of Central Mortgage and Housing Corporation. I do not concur in everything that the hon. member for York East (Mr. Otto) said, but I believe we should do more research and experimentation than we have done in the past. We are still laying bricks like we laid them 100 years ago; we are still laying sewer pipe like we did 100 years ago. We would still be driving horses and buggies if the motor car industry had not been more progressive in its methods than has been the case with the construction of housing.

I know that C.M.H.C. has scholarships and I know that the Secretary of State (Mr. Pelletier) is spending $550 million this year for assistance to universities, even though it is unconstitutional. Yet, Mr. Speaker, we have not produced in this country one urbanologist. We do not have one Pat Monahan, nor do we have one James Jacobs in this country. Why, I ask you?

Another thing that the task force talked about was the model city. Let us not throw that in the scrap can. I do not care if we do not build a model city in this country for the next 15 or 20 years. This bothers me very little, but I think it is high time we turned loose the brains of this country to design a model city with transportation corridors and ideal environmental factors so that we can use it as a sort of prototype. As we are developing our cities and adding to our urban areas we can pick up good ideas from this prototype and make practical, pragmatic use of them. This is what we should be spending money on today instead of the helter-skelter, hybrid type of development that we see around the fringe of every urban area in this country.

I think we need the co-operation of the provinces because housing is their responsibility. They should change their assessment laws. Why should it be cheaper to tear down buildings for the construction of universities or apartment buildings than to keep these buildings properly maintained so people can live in them? Why should it be necessary, when improvements are made to a house such as will now be possible under this legislation, for the assessment and the taxes to be increased?

We should get the provinces to co-operate in servicing vacant land. They should help to establish transportation corridors. I do not know why this subject has not been talked about yet. If it is constitutionally proper for the federal government to spend billions of dollars for the assembly of land, why should it be constitutionally impossible to assemble land for the purpose of creating a transportation corridor? This is the only thing that will

make planning sensible, instead of colouring various areas red or green or blue. Developers and builders do not locate on that basis. But if we determine that this is the transportation corridor, this is where the rapid transit will go, this is where the monorail will go, and this is where the services will go, we will be rendering a service to the planning of our urban areas.

We need the co-operation of our municipalities to revise the anachronistic and archaic building and material bylaws and codes in order to be ready for the 21st century, and to revise the costly and time-consuming rezoning procedures. We also need to revise our own tax laws up here on the hill. I believe we need a capital gains tax, and I do not see how we can postpone it indefinitely any longer. I think we should revise our tax laws with respect to depreciation and maintenance, which favour large apartment landlords rather than the builders and owners of housing. I believe we have to get the co-operation of our private lending institutions.

I was very much taken with what the hon. member for Broadview (Mr. Gilbert) said the other day about the mortgage companies, and their investing in equities. This does not bother me too much. What they are doing today is penalizing house building because they are taking their money and are buying pieces of this, that and the other apartment, they buy the land and they give a lease back. If this is permitted to continue they are going to own every worth-while piece of real estate in this country.

I do not want to start pushing companies around. I do not think its the right thing to do. This is still a free economy. But I do think these companies have to live up to their responsibilities. Certainly their shareholders want them to make a lot of money for them, but they have to live up to their responsibilities as far as the people of this nation generally are concerned. They will have to do so voluntarily but if they do not, then, sooner or later, either this government or some other government is going to resort to compulsion in this regard.

The hon. member for Broadview said that this bill is a poor answer to Canada's housing needs, and the Leader of the Opposition (Mr. Stanfield) said somewhat the same thing. Mr. Speaker, I say to you with great sincerity that I support Bill C-192 because this legislation and its amendments make a serious effort to achieve the goal I have been talking about, to help those at the lower income level who need help.

In the final analysis, the acid test will be whether these legislative changes will be successful in bringing about the desired results and solutions. If they do not, I give you my word that I will be one of the first to criticize and to criticize publicly. This government must have as a categorical imperative that we must not add to the inventory of poverty of this nation; we have enough now. Participatory democracy must mean social and economic participation, as well as political and legal. That is the only way we can have a just society and a great nation.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Béchard): It is my duty, pursuant to Standing Order 40, to inform the house that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Winnipeg North Centre (Mr. Knowles)—Air Canada—Winnipeg—transfer of base to Northwest Industries Limited; the hon. member for Notre-Dame-de-Grâce (Mr. Allmand)—Social Security—discussion with Quebec government respecting measure; the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall)—National Parks, Bonne Bay, Newfoundland—leasing arrangement.

GOVERNMENT ORDERS

NATIONAL HOUSING ACT, 1954

AMENDMENTS CLARIFYING DEFINITIONS AND DEALING WITH THE INTEREST RATE ON INSURED LOANS, AND OTHER MATTERS

The house resumed consideration of the motion of Mr. Trudeau that Bill C-192, to amend the National Housing Act, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

Mr. Gilbert: Mr. Speaker, I should like to congratulate the hon. member for York West (Mr. Givens) in view of his most constructive and enthusiastic speech.

The Acting Speaker (Mr. Béchard): Order, please. I understood it was the wish of the hon.

member for Broadview to ask a question of the hon. member for York West.

Mr. Gilbert: I was just prefacing my question Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): The question is, when is the hon. member for York West coming over here?

Mr. Gilbert: Mr. Speaker, I am wondering whether the hon. member for York West will take the same action as the hon. member for Trinity (Mr. Hellyer) if the effort in regard to housing this year is not successful?

Mr. Givens: Mr. Speaker, I have been around here long enough to know that is a hypothetical question. Besides, I have nothing to resign from.

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I should like to preface my remarks by congratulating the hon. member for York West (Mr. Givens) on his most enlightening and informative maiden speech. Hon. members found it very interesting and informative. It is rather unfortunate he does not have the opportunity to exercise his vote accordingly and more frequently. I too should like to extend congratulations to the minister on assuming his new duties as the minister in charge of housing.

Knowing of the minister's success in the automobile business, in which I too have had some experience, I am aware of his ability to meet this challenge. One must always be aware of the constant change in marketing and economic conditions in order to keep up with current trends. These are qualifications the minister has demonstrated, and I hope these qualities, coupled with his success as a politician and his experience as assistant to the Minister of Indian Affairs and Northern Development where he won the high esteem of many native people, will qualify him for this job. I wish him well, and I am sure he will use his wisdom and knowledge in dealing with the problems of housing. I hope he will be able to win the co-operation of his cabinet colleagues in discharging his duties in a functional way and be able to make use of his abilities for the purpose of innovating. I also hope he will have better success than his predecessor.

• (5:00 p.m.)

I think we all welcome the policy of consultation, research and study with the provinces and municipalities in coming up with long term policies. Bearing in mind the minister's remark that he would welcome any comments or suggestions in respect of the bill with which we are now dealing, I would merely remind him and the government that the present housing crisis exists not only in the large urban areas but is equally apparent in the smaller, rural communities. The task force itself left little doubt that rural Canada was glaringly overlooked. Generally speaking, this is where the percentage of low income groups is at its highest; therefore I suggest that we should not direct all our attention to solving the problem of housing in our urban centres and overlook it completely in the rural centres.

I would remind the hon. member for York West (Mr. Givens) that there is more to Canada than just the city of Toronto. While I realize there are crises in some of the large cities of Canada, I submit that we cannot completely overlook the fact that there are also crises in rural Canada. For example, I see nothing in this legislation which in any way assists the person earning between $400 and $500 a month, which is a better than average income for the average wage earner in a small town. We must at the same time bear in mind that there are many earning below this level. However, they are willing to work and have elected not to go on welfare. I ask, what good will the increase of the maximum loan to $25,000 be in assisting this group? What good will the removal of the interest ceiling be to this group? As was pointed out by my leader and many other hon. members, it will probably aggravate the situation, with interest rates levelling off at perhaps 11 per cent or 12 per cent. We have only to consider the experience with respect to bank interest rates to realize that in the two or three years since the ceiling was removed we have had an increase of 50 per cent in those rates.

I think it is well for us to remember, as was pointed out by the task force, that an increase of 1 per cent in the interest rate adds approximately $10 to the monthly payment on a 25-year, $25,000 mortgage. As interest rates go in housing, so are they reflected in the high cost of money to other businesses, including contractors who also must operate on credit. This adversely affects the cost of a housing unit to the consumer. Again, as this government has demonstrated so often in its policy of promoting bigness, we find the effects of this legislation aimed in that direction, assisting the big cities, big lenders and big money earners all closely associated to the Liberals' search for perpetual power. Even

[The Acting Speaker (Mr. Béchard).]

with the extended mortgage period, a $25,000 home with a 9⅜ per cent mortgage will require payments of $215 per month, exclusive of property taxes. This is well beyond the ability of most families to pay.

The hon. member for Halifax-East Hants (Mr. McCleave) very ably pointed this out in his speech. When one considers the statistics of income levels of wage earners across Canada which he put forward, it becomes evident that more than 50 per cent of all Canadian wage earners are earning an annual income of around $4,000. I see very little in the legislation to assist these people in respect of home ownership. On the other hand, I sympathize with the home owner who will be strapped with a 40-year mortgage bearing an interest rate of 9 per cent to 10 per cent.

The bill before us has introduced measures which I believe will be helpful, such as the reduction of the mortgage insurance fee, the authorization of loans for the purchase of existing homes and a marked improvement in the area of student housing and public housing. I think these are welcome measures. However, I believe that much of the legislation is aimed toward building more expensive homes with mortgages for longer periods of time, which in effect assists the person with a higher income. I submit that nothing in this legislation has reflected any earnest desire on the part of the government to bring down the price of a dwelling to the average Canadian. With rampant inflation, high material costs, high interest costs and high taxes, homes will progressively become more and more out of reach of Canadians unless these conditions are alleviated or averted.

We have again heard from government members, as we do so often, statistics about units planned, units started and units completed. It all sounds impressive, but the sad fact is that this impressiveness does little to attack the housing problems which we face. I sometimes wonder whether the Minister of Consumer and Corporate Affairs (Mr. Basford) has ever considered charging some government departments because of the misleading advertising contained in their numerous propaganda sheets. Perhaps he should consider doing this.

After all the extensive reviews, task forces and surveys which have been undertaken, we expected a real, all-out assault on the whole problem of housing and economic deterioration in this country. The government has failed to implement one of the main recommendations of the task force, namely, the removal of the 11 per cent sales tax on building materials which would cut the cost of an average home by approximately $700. Nothing has been suggested that would bring about a reduction of indirect sales taxes which are levied against production equipment directly related to home construction.

Another inequity exists with respect to components of housing units such as kitchen cabinets, vanities and windows assembled as a unit in a specialized manufacturing plant. At the present time these components are assessed the full sales tax rate on the manufacturer's selling price. These components are constructed of the same material as those used in on-site construction. However, if constructed on the site the tax is levied only on material, whereas if the components are manufactured in a factory, labour, material, overhead and profit are also taxed. This tends to discourage builders from using the more efficient and specialized factory assembly method and consequently means an additional cost to the consumer.

I contend that this legislation has failed to broaden the scope of home ownership. I refer particularly to the great number of young families who want to build an equity in a home of their own and an equity in the country. The time for them to have access to their own home is when they and their children can together enjoy the comfort of a home.

Nothing in the bill suggests any assistance in the provision of more homes and housing for the Indians and Métis. Nothing in the bill provides for the encouragement of home ownership for these people. I am sure the minister is well aware of the gross discrimination that takes place in many of our urban centres with respect to welfare and our Indian people attempting to obtain accommodation.

In my own constituency, the Saddle Lake reserve urgently requires some 50 dwellings, yet funds were made available last year for only seven units. I conducted my own survey on the Saddle Lake reserve. The housing and water supply on the reserve are most shocking. In a country wherein many citizens enjoy one of the highest standards of living in the world, I find a situation of this sort most deplorable. I am sure the minister, in his role as assistant to the Minister of Indian Affairs and Northern Development, has made similar observations.

The dream of every Canadian family, whether they live in the city or the country,

is to own their own home. If people are prepared to sacrifice other luxuries or unnecessary commodities and are prepared to work hard for that ownership, why can we not provide them with the opportunity to do so? The sad fact is that in many cases families who are ineligible to qualify for C.M.H.C. loans are paying as much or more in rent as they would be in payments toward the purchase of their own homes.

I submit that if the government is really serious about broadening the base of home ownership it must take positive steps in bringing about a reduction in the actual cost of a home to the consumer. There are ways in which this can be done, as I and other hon. members have pointed out. One is the removal of the 11 per cent sales tax which would reduce the cost of a home by approximately $700.

With regard to those in the low income group, I suggest that serious consideration be given to some form of subsidization of the present high interest rate not only of C.M.H.C. mortgages but private, bank and other institutional mortgages. We have had ample evidence of subsidies being granted by provinces in respect of health services, and I place health and shelter on about the same priority level. Why can we not utilize a similar scheme with respect to interest rates? For example, those families with an income of $300-$350 per month might pay 4 per cent on a mortgage, those making $350-$400 might pay 4½ per cent, and those making $400-$450 might pay 5½ per cent. Surely if the federal government were prepared to pay 75 per cent of the capital cost of subsidizing housing and then share in the operating costs, such a program with regard to interest rates could conceivably be implemented, thus improving the opportunity of home ownership for Canadians who wish to have a real stake in the future of this country.

• (5:10 p.m.)

We have heard much about the ever-increasing property taxes across this country, the ever-increasing economic burden, the ever-increasing cost of living and the increased hardships in raising a family, with exemptions for income tax purposes being as outdated as the model T Ford. In view of the government's failure to realistically upgrade personal exemptions, why can some consideration not be given to an encouraging alternative measure to home ownership, that is, to allow property taxes up to say, a maximum of $500 to be eligible for income tax exemption?

[Mr. Mazankowski.]

With the continual spiral of property taxes in this country, some measure to curtail such increases will soon become a necessity. Here again those in the smaller communities are more affected in that the tax base is not as broad as it is in the larger cities. Hence, services such as sidewalks, water and sewage and pavement, not to mention education, become a heavier burden to those in smaller communities. This is clearly evident when one compares the property taxes in most cities and towns.

In the eyes of many builders in Canada, C.M.H.C. does not work as harmoniously and co-operatively with contractors as it could or should. As one contractor put it, "There is not a builder in the country who has been nit-picked by certain unjustified interpretations of the national building code." There are many standards and requirements that are ambiguous and in many cases should be completely reviewed and redrafted in plain language so that at all times the builders know where they stand. Much animosity is created between the builder and C.M.H.C. with respect to progress payments and appraisal values at various stages of construction.

Another cause for delay and additional costs to the consumer is the legal charges and the delays in releasing money to builders. There are many cases of exorbitant legal costs, and I object most firmly to the C.M.H.C. practice of choosing lawyers from a limited, selected list. I submit that the builder and the customer should be free to select the lawyer of their choice to transact their legal work. This choice should be given to them, and their bargaining rights upheld.

I submit that the housing crisis as it now exists is solely the product of this government which through its mismanagement, its lack of foresight and its lack of positive, sound and economic policies has placed this country in an economic climate of frustration and anxiety, and has given cause for some doubts about our economic stability and future.

The unfortunate taxpayer is at present being grossly overburdened with taxes; yet we see each level of government scrambling for more tax dollars to the point where there is competition for tax revenues among all levels of government. Tax sharing and tax collection by all levels of government working in co-operation must be co-ordinated in order to avert this competition.

The housing crisis is the result of an economic crisis, and unless positive steps are taken to control inflation, high interest, high living costs, high taxation and the vicious circle of continual increase in the cost of goods and services, there is no doubt in my mind that the future will hold little promise for many Canadians to enjoy one of the basic necessities of a good Canadian life—a place to call home.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, at this stage of the consideration of Bill C-192, my comments will be brief, not because I do not understand the urgency and the importance of the situation presently created by the lack of housing in Canada, but rather because not one provision of Bill C-192 is capable of solving the housing problems in our country.

Mr. Speaker, Bill C-192 is a disappointment to those who need houses, live in slums, or share a dwelling with others, and also to those who have always tried to get a housing policy that would guarantee a decent dwelling to all Canadian families.

In view of the lack of leadership on housing, we are not surprised at the stand the former minister responsible for housing had to take. I must now address him, since his successor has left the house, very briefly I hope.

Mr. Speaker, we have to grapple with an acute housing problem. We know that there are needs and all those who have thoroughly or superficially studied the housing problem estimate that we need a minimum of 200,000 new houses per year to meet the present needs, without taking into account the lag in that field. We must have in the first place some 140,000 new dwellings to meet the needs of new households and 50,000 new dwellings to replace those which must be demolished, which are obsolete, destroyed by fires or otherwise. Then, it will be necessary to build 10,000 other housing units to provide a minimum number of available houses, in view of the mobility of people, and so that the law of supply and demand will work. We need right now a minimum of housing units to meet the most pressing needs.

• (5:20 p.m.)

I am seriously concerned about another matter, and I should like to tell the minister about it. I am getting more and more concerned. I realize that, as a result of the proposed legislation, home ownership is directed toward organizations rather than toward wage earners. Those organizations are either cooperatives, companies or big firms so that the family no longer has any access to home ownership, which leaves me quite worried. What is more self-satisfying for the head of a family than to be able to tell his wife and children: This house is ours or will become ours some day.

This objective does not exist any more because of the amendments now moved. Amendments to the housing act could have enabled Canadian workers to hope for a house of their own but there are no provisions to that effect in Bill C-192. It provides only for loans up to $25,000 for the purchase of a house. The Canadian worker will therefore be unable to hope for a house of his own one day, because according to official government statistics, about 68 per cent of Canadian workers earn less than $4,000 a year. Needless to say then, in view of the present circumstances, the interest rate charged the borrower, the 11 per cent tax on building materials, the 8 per cent provincial tax in Quebec—a supplementary tax on building materials—that the Canadian worker cannot hope to become a home owner one day.

Mr. Speaker, it is also proposed to extend the reimbursement period up to 40 years. That measure, again, will not help at all the Canadian worker who would like to become the owner of his house.

Moreover, it is proposed in the bill that the interest rate be renewed or reviewed every five years. Such a measure is designed to assist the lender or the mortgagee instead of the borrower or mortgager.

Of all the provisions, in Bill C-192, none is designed to encourage the purchase of a house by the Canadian worker.

Here is what we, of the Ralliement créditiste, propose to help the Canadian worker become a homeowner. First, we consider that the present interest rate is too high and that nothing leads us to believe that it could be reduced this year or during the next few years.

In fact, the provincial governments and the municipalities must accept to reimburse their administrative or development borrowings at interest rates of 7, 7½ and even 8 per cent. Now, in such circumstances, it cannot be hoped that the loans provided in the housing field or any other private sector will carry reduced interest rates. On the contrary, they will rather have a tendency to increase.

On the contrary, if we want Canadians to own one day their own house, interest rates will have to decrease considerably.

Therefore, we ask that loans be granted for the construction of family housing and not to profit making businesses.

When one applies for a loan to become owner of a house, it is not to get a benefit from it, or for business purposes. It is merely a necessity which yields no benefit at all.

For those reasons, we claim that the money invested in the country's social capital should not come from the private sector and bear interest, which forces the borrower to repay more than double the amount borrowed over a period of twenty years.

Mr. Speaker, last week, one of my colleagues, the hon. member for Shefford (Mr. Rondeau) showed, with proofs to support his case, with tables, that today, with the new amendments contained in Bill C-192, as much as four times the price of a $25,000 house is paid back if one agrees to repay within forty years.

Therefore, we, members of the Ralliement créditiste, ask that the Central Mortgage and Housing Corporation become a branch of the Bank of Canada, as far as loans are concerned, and that that branch be empowered to grant loans without interest to every landlord of a family dwelling.

Mr. Speaker, those are the remarks that I wish to put in the official report of the House of Commons' Debates.

How can we build per annum those 200,000 homes that are urgently needed each year? Let us call on the machinery used by the bankers themselves, for themselves. What does a bank do when it wants to put up a building? Will it borrow from another bank? Certainly not.

It will open for itself a current credit account on which of course it will pay no interest.

It buys the land, pays the contractors with cheques guaranteed by the building itself. Then it collects rents, and by the end of some thirty years, the money collected balances the credit account. The operation is cancelled, but the bank keeps the building it owns without ever having paid one cent, except perhaps for the cost of writing on a page of the ledger the sums received and paid in the debit and credit columns.

Thus the bank, through modern credit alone, and by using script money, in other words the belief in its solvency, has been able to create phantom money and turn it into a tangible building, the cheque issued returning to nothingness at the end of 30 years, once the magical operation is over.

Now Social Credit claims that there is nothing magical about that. Create to destroy the credit which, during its existence, plays the role of real money, such is the extraordinary privilege given the chartered banks, as shown by the British government's parliamentary investigation.

Then, Mr. Speaker, if the banking system or if the chartered banks can thus erect buildings in which to locate their finance trade, I think that the Canadian government could establish the same procedures as regards family housing. That is, the Bank of Canada would supply the necessary credits to the Central Mortgage and Housing Corporation to enable it to lend without interest to any new home owner, the necessary monies or credits for the construction of a suitable, adequate house, built according to the needs of his own family.

• (5:30 p.m.)

After 15 or 20 years, when the individual has reimbursed the cost of the house he built thanks to the loan secured through the Central Housing and Mortgage Corporation, he will have become the owner of his home. He would have paid for it once, and so the small- and medium-wage earners could hope to own their own home some day.

That is what everyone wishes at the present time, not only the individuals but even the organizations which are concerned with promoting the well-being of the family in Canada.

That is the solution I propose to the minister and to the government if they really want to solve the housing problem in Canada.

That is why I feel Bill C-192 does not meet present needs; there is nothing in it to provide for the construction of new houses.

The only thing that may come from it, as pointed out in the May 1969 issue of *Le Travailleur Canadien*, a magazine published by the Canadian Labour, is that a greater number of Canadians may be able to hope to become home-owners some day because there will be a larger number of houses put up for sale.

What the magazine means, Mr. Speaker, is that in view of the terms under which the government is willing to finance the construction of new homes, very few new owners can

hope to keep their homes or meet their obligations in full. Some day or other, they will be forced to sacrifice their homes, their initial outlay and the following payments. Many houses will then be put up for sale.

That, Mr. Speaker, is not, I think, what Canadians want. What we want is for every Canadian family to be able to own its own home. We sincerely believe that it is possible, in Canada, for every Canadian family, to have a decent home.

[*English*]

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my contribution to the debate on Bill C-192 will be short since most hon. members who have spoken from this side of the house have brought forcibly to the attention of the minister responsible for housing the shortcomings of this measure. At the same time, they have expressed their approval of those portions of the bill they support.

It is my intention first to point out a serious handicap from which the war veteran suffers and to make a plea at this time on behalf of veterans and their housing needs. Under the War Veterans Allowance Act, veterans are allowed to own a house to the value of $10,000 without any reduction in the allowance. Those veterans having houses with a value in excess of $10,000 have 5 per cent of the difference between $10,000 and the value of the house deducted from the allowance each year. Until 1965 this figure was set at $6,000 only, and then it was upgraded to $10,000. I take this opportunity to impress on the Minister of Veterans Affairs (Mr. Dubé) and the minister responsible for housing that a review of the situation must be made immediately because of the rapid escalation of housing costs. Actually, veterans are immobilized because values are set at the time of purchase and are not reviewed after purchase. Appreciation in value is not taken into consideration.

May I refer, Mr. Speaker, to the consumer price index for housing from the years 1961 to 1968. The index shows an increase in costs of more than 18 per cent at the end of 1968. Even more significant is the fact that the increase in costs has been more marked in those years following 1965. The thousands of war veterans in the country also need housing, and this fact should be recognized at this time.

The other point I wish to make has to do with the procrastination of government in dealing with all housing problems in this country. I was impressed with the performance of the minister now in charge of housing when he was active in the Department of Indian Affairs and Northern Development. At that time I said to one of my colleagues, "Now, here's a man to watch." I said that when he went against the establishment in dealing with Indian problems. I sincerely hope that he will use some of his initiative in dealing with the nuts and bolts issues of this matter of which his predecessor spoke.

The nuts and bolts issues, Mr. Speaker, are not those the minister described during his presentation of the bill in the house last week. I am getting sick and tired of hearing that Canada is an urban society and that almost three-quarters of Canadians live in our larger towns, cities and metropolitan areas. Also, I am sick and tired of hearing that by 1980 more than 80 per cent of our population will own or rent accommodation in our urban centres, or will be hunting for accommodation there, and that one-third of our population will be living in Montreal, Toronto and Vancouver.

I am afraid of this thinking. This is the kind of thinking we are getting from computers and I am seriously concerned that assistance will be concentrated in those areas. So I ask the minister, what will happen to the other 20 per cent of the population living in rural communities? I am speaking of some 5 million people, Mr. Speaker. Are they not Canadians who have listened to the repeated pledge of the government that every Canadian, regardless of the part of the country he lives in, will have equal opportunity?

Allow me to give you a few facts about some of the living conditions some of the 5 million people living in Newfoundland face. My colleague for Halifax-East Hants (Mr. McCleave) gave figures about the levels of incomes in Newfoundland when he spoke the other day; he did not compare these figures with other figures relating to the country as a whole. Figures compiled in 1961 show that 38 per cent of all dwellings in Newfoundland urban centres had no water supply, while the Canadian average for dwellings having no water supply was 11 per cent. Fifty-three per cent of our dwellings had no flush toilets and 61 per cent had no bath facilities. In rural Newfoundland, 80 per cent of all dwellings had no inside flush toilets and 85 per cent had no bath facilities. These are not computer figures, Mr. Speaker; they are factual.

The royal commission on the economic state and prospects of Newfoundland points out

that notwithstanding the forecast of growth in real incomes in the province, the prospect of the province attaining desirable housing target by 1975 or 1980 appears gloomy when one considers the province's economy, forecasts of financial conditions, the size and calibre of the Newfoundland house construction industry and existing programs of private and public agencies.

The housing corporation of Corner Brook, Newfoundland, did a survey of housing conditions in the area. They did not do that by computer but by actually visiting houses. They list special cases of overcrowding where 8, 9, 10 and even 11 people live in two rooms. These are random cases. Case reports say that apartments crawl with cock roaches; children are always sick because of overcrowding; there is no water or toilet in many of the dwellings and many are a real fire hazard. In fact, these reports say that some bedrooms and bathrooms are without windows and that one house is not fit for humans. The people living in these homes are Canadians, too. They are Newfoundlanders; but they are Canadians also. What are we waiting for? What happened to the government's pledge of equal opportunity for our people no matter where they live?

Newfoundland urban housing starts for the first four months of 1969 are 17.8 per cent below those for 1968. There were only 48 residential housing starts in the province during April, compared with 118 last April. These figures take into account all urban areas with populations of more than 10,000. House building activity in Newfoundland is down from the 1968 level and is below building levels of the other three Atlantic provinces.

A royal commission of inquiry into housing conditions and costs in Newfoundland pointed out that our provice has the highest building costs in the country, the lowest labour output and the lowest level of incomes; a Newfoundlander has a smaller chance than anyone else in Canada has of becoming a homeowner. Actually, a person earning less than $8,090 per year has little chance of ever owning a home. We have fewer homes for our population than have other provinces of Canada. Also, we have more overcrowded homes. As a result 7,500 homes are needed to close the gap. With our high construction costs and low wage levels we will have a hard time obtaining these homes. In fact, it is hard to see where they will come from.

[Mr. Marshall.]

To overcome our shortcomings we must reduce service costs, simplify registration procedures and bring down production costs as well as the costs of developing land. So let us develop land, Mr. Speaker. Let's stop reviewing everything again. Let us get some urban development under way. Let us lift the Newfoundland urban renewal program from the bottom of the wastebasket. Here I should like to refer specifically to an urban renewal project in my district. I am talking about the city of Corner Brook. The mayor calls it operation frustration. After 10 years there has been no implementation of the project and there is no sign that it will be implemented. I say that we should get off our big, fat, bureaucratic fundamentals and get some action. Let us forget about culture for a while and hand the keys of urban development programs to those human beings who continue to be utterly neglected. Let us show some of this common, human decency we are bragging about.

What about the old people, Mr. Speaker, who cannot fend for themselves and who will not be moving to Toronto, Montreal or Vancouver because they are left stranded with no means of assistance. Are they not Canadians also? Did the experts think of these people when evaluating housing needs? A crisis has existed of which the government has not been aware. There exists a critical need for homes for the aged and emergency measures should be taken to correct this need. So I ask again, what about those people forming 20 per cent of our population? These are the nuts and bolts issues, of which the government is evidently unaware. These are the nuts and bolts issues mentioned by the former minister responsible for housing. In his frustration he had to bolt from the nuts.

• (5:40 p.m.)

Housing plays an important role in economic development. It is clear that adequate housing beneficially influences human happiness, health, educational attainment, mobility and work productivity. To ignore the importance of housing when considering development is to ignore an important ingredient behind economic growth. Housing programs and policies should fit within the framework of general social and economic policy. I say again, Mr. Speaker, if we are to overcome regional disparity as proclaimed by the Minister of Regional Economic Expansion (Mr. Marchand) let us not forget the part that housing will play in the development of

the areas of rural Canada that will be designated for special attention. Although I have not met the new minister, I feel, after watching him on television, that he is a man of action and shows promise. I hope he will get cracking and direct action to implement housing development for all of Canada. I sincerely hope that I have no cause for alarm at the trend of his speech which indicates he is listening to the advice of the intellectuals rather than being guided by the common sense of those who live with these problems.

As I have said in previous speeches in the house, beware of the book writers and the professors who have never been out of their laboratories and do not know what a piece of plywood looks like. I am concerned with some of the minister's phrases such as, "To modify and transcend market forces" or his remarks about filtering processes, constraints on the commitment of our productive resources, distributive justice, minimizing the stigma or make an analysis to effectiveness and adequacy. The object of the exercise is to build homes for Canadians with wood and bricks, using scientific methods to reduce costs. Common sense indicates we should have action now. Let us plan for the future, Mr. Speaker, but let us look after the problems that exist today.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, it is not my intention in speaking on the issue now before the house to be critical of the past, to speak of the failures of this government or previous governments because those days are gone and cannot be reclaimed. It is my intention to speak of policies relating to the situation at the present time and as required in the future. It is not my intention to be hypercritical of the minister who has only had the responsibility of housing for a few short weeks. Nor is it my intention to actually deal with the specific issues in the bill now before us, except for two matters.

What I hope to do is to be able, from what knowledge I have, to stress the complexity of the problem of housing and the need for more than just the general action as we see it today. If we analyse what has happened over the years and visualize the needs of today, we will see the necessity for drastic action and far-reaching policy, and not be satisfied with what we have at the present time.

Under the redistribution before the last election the constituency of Vancouver East, which I have the honour to represent, was extended two-thirds of the way across Vancouver from Boundary Road to Oak Street. The result is that within the boundaries of redistributed Vancouver East, there is a population which comprises those with the lowest incomes and the poorest housing, up through the average working class incomes and homes, right up to what I will term middle class structures. In at least one-third of my constituency there is a great need for rehousing. These people are not in an income group where they can afford to buy second-hand homes or build new homes under the present policies of the government. The absolute urgent need and minimum necessity is action now, not weeks, months or years ahead through urban renewal and public housing.

It is because of that need that I was so disappointed and distressed by the answers given by the minister replying to questions last Friday. In reply to a question I asked the minister said:

> With regard to the urban renewal matter, I am reviewing this as quickly as possible. I am not in a position to make any definitive statement at this time but hope to give a clear statement within a matter of weeks.

I also wish to quote an answer the minister gave to the hon. member for Broadview (Mr. Gilbert):

> Mr. Speaker, I thought I was reasonably clear in my statement on second reading. When we have had consultation with the provinces and determined what guidelines and new criteria will apply to each province, and the terms of their particular needs, and have made that kind of a decision then I hope to make these specific guidelines and terms public.

Those answers are not good enough, Mr. Speaker. Nor is it satisfactory to imply there is no knowledge of the proposals made by the municipalities, the provinces and in particular the city of Vancouver.

I wish to direct the minister's attention to a presentation from the city of Vancouver to the previous minister in charge of housing who is sitting in the front of the minister at the present time, the hon. member for Trinity (Mr. Hellyer). This presentation was made on March 11 of this year. The city of Vancouver with the full knowledge of the need for public housing and urban renewal, made plans and submitted specific proposals to senior governments. I quote from this brief:

> The City of Vancouver is increasingly concerned with the continuing federal government moratorium on urban renewal; specifically on requests for approval and financial aid made in 1968 to carry out two urban renewal programs scheduled to start at the beginning of 1969. These requests, relating to preparation of Urban Renewal Scheme 4A (downtown area)—

This is in my constituency, Mr. Speaker.

—and the implementation of the scheme for the Strathcona subarea of Urban Renewal Scheme 3—

This is also in the constituency of Vancouver East.

—"were described in some detail in the city's briefs of November 28 and November 29, 1968."

"Council, on March 11, 1969, received a report on the situation and a copy of this report dated February 26, 1969 is attached. The Council directed that a further urgent approach be made to you emphasizing the problems created by the delay and uncertainty."

• (5:50 p.m.)

This was the representation by the city of Vancouver to the former minister responsible for housing concerning what was happening because of the delay and uncertainty at the present time. On Friday last, the minister told us that the delay and uncertainty were going to continue. He cannot tell us for how long, but it will be for weeks. Again, there is going to be consultation with the provinces and the municipalities in the hope that the minister will be able to lay down specific guidelines and criteria for urban renewal and development projects.

I plead with the minister to speed up these deliberations and to get this urban renewal, which has been hanging fire so long, out of the deep freeze. I plead with him to authorize the plans that have been submitted by the cities, in particular by the city of Vancouver, because the greatest need is in this area which I have outlined and which under redistribution now comes within the riding of Vancouver East.

Under present policies and plans people are not going to be able to buy homes in Vancouver. I think I am safe in saying that there are not too many people in Vancouver East with incomes over $12,000 a year. If you have not got $12,000 a year as a basic minimum you certainly cannot buy a house that is going to cost over $28,000. Moreover, you are not going to be in a position to buy a secondhand home because, according to the latest information I have, the cost of secondhand homes in the city of Vancouver has gone up 20 per cent in the last 12 months. According to the multiple listing service in the city of Vancouver, the average cost of a secondhand home in that city today is over $23,000.

Not only can people not buy secondhand homes, let alone new homes, but today there are many thousands who cannot even afford to rent homes. The only salvation is a government policy, if necessary introduced through federal, provincial and municipal co-operation, aimed at a rapid extension of public housing and urban redevelopment so that these people can be assured of living under decent conditions, in decent apartments and decent houses. Can we not have action now, and not promises for the future, promises of pie in the sky? These people will have a home when they die, sir. We want them to have one before they die.

I am disturbed about the provision in this bill which will make it permissible to change the interest rate on a mortgage in five year's time. People now cannot afford the interest they have to pay, but at least those who have bought homes now know what the interest rate is. But look at the position of people who do not know what their interest rate charges will be five years from now. Those charges can go up and up. Another hon. member quoted "Canadian Labour" a few moments ago, and I wish to quote it again but from a different paragraph.

Freeing the N.H.A. mortgage rate for renegotiation after five years helps the big financial institutions; increasing the mortgage ceiling helps the buyers who earn $12,000 a year and can afford $28,000 homes. But neither move helps the vast majority of Canadian workers with moderate incomes already hard hit by increased costs for food, transportation, medical care, clothing and other necessities.

We ask the government to recognize the truthfulness of that statement.

I am also disturbed about the idea of extending mortgages over a period of 40 years. As was pointed out by a previous speaker on the government side, the average young married man cannot save enough money for a down payment on a house until he is about 30 years old. He will be 70 before the mortgage is paid up. But why am I worried? I think I know something about the construction industry. Each time I am back in Vancouver I make it a practice to look over some of the homes that some of the contractors are building today, and I say to you, sir, that some of the homes that some of the contractors are building today won't stand up for 40 years. They won't stand up for 25 years.

I have been in homes built under the National Housing Act where, one year after the occupant went in, the walls were cracked, the so-called hardwood floors had come apart, and the molding was breaking down. I now want to deal with the question of inspection under C.M.H.C., but before doing so, sir, may I call it six o'clock?

Mr. Macdonald (Rosedale): Mr. Speaker, I believe there is general willingness that the bill might receive second reading this afternoon. I wonder if we could have unanimous consent to sit for a few minutes more so that the hon. member could finish his speech and then we could have second reading?

The Acting Speaker (Mr. Béchard): Is this agreed?

Mr. McCleave: Mr. Speaker, we have one more speaker on this side. It is agreeable but I think it should be noted that the hon. member for Brandon-Souris (Mr. Dinsdale) has a short speech to make.

Mr. Knowles (Winnipeg North Centre): And we understand, Mr. Speaker, there is another speaker from the government side, a very important one.

Mr. Macdonald (Rosedale): No, there isn't.

Mr. Knowles (Winnipeg North Centre): Perhaps if we wait until eight o'clock he will speak.

Mr. Macdonald (Rosedale): Mr. Speaker, in order to make progress, and in view of the very crowded timetable, surely we could agree to have second reading at this point?

The Acting Speaker (Mr. Béchard): Is it agreed?

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we are willing to sit at least long enough for my colleague from Vancouver East to finish his speech. That will be ten or 15 minutes anyway.

Mr. Macdonald (Rosedale): Would the hon. member be agreeable also to hearing the hon. member for Brandon-Souris (Mr. Dinsdale) so that then we could have second reading?

Mr. Knowles (Winnipeg North Centre): That is up to him.

The Acting Speaker (Mr. Béchard): Is it agreed?

Some hon. Members: Agreed.

• (6:00 p.m.)

Mr. Winch: A few moments ago, Mr. Speaker, I was saying that from personal inspection and knowledge of the construction industry, because it was my trade, many houses won't last for 40 years. One of the things that disturb me very much is the fact that C.M.H.C., to a great extent, does not enforce its own rules for construction. It is most interesting to make a study of the construction code put out by Central Mortgage and Housing Corporation, with all its amendments. It is a book in itself. The regulations are very clear with regard to the types of construction and the quality that must be achieved in respect of workmanship and material. There are inspectors who go around several times during the course of construction. Yet, to my personal knowledge, Central Mortgage and Housing Corporation does not back up its own inspectors. All one need do is speak to inspectors to find out that time after time they report that something does not meet specifications but they are overruled. This applies not only to homes but also to apartment buildings. I say that homes would last for 40 years if the contractor had to build according to the quality specifications of C.M.H.C. and if C.M.H.C. would back up its inspectors instead of overriding them, and making a farce of the inspections as they do. Unless quality workmanship and quality materials are insisted upon, the 40-year mortgage clause will be a farce because many homes will not stand up that long.

I said this is a very complex matter, Mr. Speaker. It certainly is. It is also impossible, under present plans, policies and legislation to meet the needs because of what is taking place. I should like to give an example of what has occurred over the years. I shall not speak in generalities. I shall state facts, but facts which I know are typical. I shall take my own constituency of Vancouver East where I am very familiar with the type of housing which exists. I have lived in this riding for many years and am familiar with the cost of lots and housing. In order to give an example which will demonstrate factually what I have in mind I intend to use an example which I know cannot be challenged. I wish to talk about my own home in Vancouver. Note the following. This two storey wood frame structure in which I live was built approximately 65 years ago. I purchased it 34 years ago. This past week I received the municipal tax bill for this property.

Naturally, the house in which I live is 34 years older than when I bought it. According to my tax bill, this year's assessment is 900 per cent greater than the amount I paid for the house and lot 34 years ago. The taxes this year amount to 34 per cent of what I paid for the house and lot. I made inquiries and found that to build the same kind of house today which I bought 34 years ago, the cost would be 1,500 per cent higher. The cost of the lot

would be 1,800 per cent higher than it was 34 years ago. When I mention the figure of 1,800 per cent in respect of the lot, believe me when I say I am being reasonable because the last small lots which were sold in this area were sold for $13,000. These were lots with 50 foot frontage and my frontage is 125 feet. So when I refer to an 1,800 per cent increase I am being very very reasonable.

Mr. McCleave: Conservative.

Mr. Winch: Yes, with a small "c". I know it is a reasonable question to ask, "Oh, yes, Mr. Winch, but have you taken into consideration the increase in the incomes of your constituents over the 34-year period?" I have. If we take the skilled constituents in Vancouver East, the electricians, carpenters, bricklayers, lathers and loggers, what do we find? We find that the increase in the hourly rate of the skilled artisan in Vancouver East in 34 years is between 500 and 600 per cent. So, the income has increased 500 per cent to 600 per cent, but the cost of lots or homes has increased three to four times more than the income of these people in Vancouver and Vancouver East. How can these people buy an old home at an average price of $23,000 or a new home at an average price of $28,000 when the ceiling will be off the interest rate in five years and the morgage term is 40 years?

For reasons which I have tried to point out, drastic action is required if the people of this country are to be housed. You will not get houses and apartments for the people if the average citizen has to pay the cost because the average citizen cannot afford it. For God's sake, get that through your thick heads. They cannot buy the homes but they must get out of the slums. They must be able to pay the rent. Rents today in Vancouver are up as high as 50 per cent of the total income of the working man. Therefore, there must be immediate action by the government to expand and extend low rental housing, urban renewal and redevelopment. This is the only way. Do not bring in the suggestion that we must have the co-operation of the provinces. Yes, this would help; but do not forget that some provinces are trying to help now. The government of British Columbia is not one which I favour, but that government at least is endeavouring to help by instituting grants in aid for the payment of taxes up to an amount of $150. They also give a grant of $500 to help a person buy a home. This is not the answer, but on a provincial basis it is a move in the right direction. The municipality cannot do it alone, nor can the province. I suggest that the leadership and initiative have to come from the federal parliament but because this involves policy and financing, the initiative must come from the cabinet. No private member can introduce a bill which will meet the needs in respect of housing today.

• (6:10 p.m.)

Without saying anything more, I sincerely hope that the seriousness of the situation will finally seep into the minds of government members and they will realize that palliatives and generalities are no longer satisfactory. I hope the minister will speedily go much further than he has to date, and much further than the legislation he has introduced has gone so far.

It is easy to be critical and to damn the other person. I should like to conclude by saying that this matter is of such significance and so in need of immediate solution that it would be a wonderful demonstration if the minister, the Liberal party and the leader of the Conservative party, as well as all other members, were to forget political expediency on this issue. We should all forget the idea that the other fellow is all wrong and we are all right. Let us see if we can possibly sit down together to recognize the difficulties of governing and financing in relation to this problem, as parliamentarians instead of as politicians, and arrive at satisfactory answers.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have been given the dubious honour of being the last speaker during this debate this evening, as a result of an unanticipated situation which has arisen. I wanted to take part in the debate but I expected that the hon. member for Trinity (Mr. Hellyer) would speak before the debate ended. At this stage I would very happily step aside in order to hear his remarks on this matter. I suppose there is no one in this house more knowledgeable about this very important subject of housing than the hon. member for Trinity who, over a period of several months, devoted almost his entire attention to this subject. However, it would seem he does not intend to speak at this stage of the debate.

Notwithstanding that fact and the fact that it is now after six o'clock, I wish to say a few words. On behalf of another group of Canadians who have not been represented in this debate in the house. So far as I can gather, and I have been reading *Hansard* and listening to the debate, this problem has not been

mentioned. In his opening remarks the minister responsible for housing talked all around the point I want to bring to the attention of the house at this time.

The minister indicated that the real crisis in housing in Canada revolves around difficulties in respect of the low income group in Canada. This conclusion was reached in the special report on housing prepared by Mr. Howard Grafftey, a former member of this house, who followed closely the work of the hon. member for Trinity as he travelled across the country to get first hand knowledge of the critical housing situation.

The point that Mr. Grafftey's report makes is that the real area of crisis which has now spilled over into the middle class income groups is the result of a tragic neglect of the low income groups. Let me speak very briefly about another category of Canadian which has been ignored almost completely in all discussions and thought. I refer to the non-income group of Canadians.

The minister for housing has been a spokesman for this group in the past. As a matter of fact, he re-echoed the voice of the opposition in respect of the government's neglect in many areas of activity related to the problems of the Indians and the Metis in Canada, so much so that he was publicly criticized by the Prime Minister (Mr. Trudeau). I would have thought that when the minister stressed the problem of the low income group he would have gone one step further and referred to this really critical area of housing in Canada in relation to this large group of Canadians, those of Indian ancestry.

Many of the Indian and Métis people have no income whatsoever. As a result they endure a standard of housing in many parts of Canada which can only be described as sub-human. When the Prime Minister indicated a few weeks ago that he felt there was no housing crisis, he certainly was not speaking for this non-income group of Canadian citizenry. It is not as though the government has neglected or ignored completely this major social problem. As far back as the latter part of the 1950's, emergency housing programs for Indians, Eskimos and Métis were launched in the northern parts of Canada. Last year, the former Minister of Indian Affairs and Northern Development upgraded this housing program to bring it into line with the changing needs resulting from inflation and increasing costs in Canada. The program already exists, and it is operated exclusively by the federal government.

Dealing with Indian housing problems largely in non-urban areas, we can see as we move across Canada that this program is getting underway in an encouraging manner, particularly on Indian reservations across the nation. However, there has been added to the housing problems of this special non-income group a new dimension. The result of the rapid process of urbanization. A recent study has revealed that 10,000 Indian and Métis have moved into the city of Winnipeg in the period from 1960 to 1966. The problem can be readily observed in a concentrated form in the Point Douglas, C.P.R. and Notre Dame areas. These areas now constitute a slum that can only be described as one of the worst in Canada.

We talk about the general problems of pollution, congestion, inadequate recreation, social alienation and inertia which exist in urban communities. This hardly describes the situation one finds in these growing slum districts in the city of Winnipeg as a result of this large scale immigration of Indian and Métis to the urban centres. There is not only social alienation and inertia, there is bug infestation. These slums are disease ridden and the condemned buildings are probably as bad as any you might find anywhere in Canada. This is largely because these people have been forced to move into the lowest level of housing accommodation, buildings that are condemned or should have been condemned, many of them built before the turn of the century.

• (6:20 p.m.)

I speak briefly at this time, because no one has discussed this problem. The minister did not make any specific reference to it in his introductory statement. It seems to me it is the most urgent problem of housing that we face at the moment. Its solution requires the removal of red tape—this has been referred to by many speakers in the debate—because up to 52 transactions have to be proceeded with before you can get housing programs under way. The solution will have to get around the problem of buck-passing between two levels of government, provincial and federal. Extraordinary procedures will have to be adopted, such as have been adopted in

northern Canada, in the Yukon and Northwest Territories, where the federal government has accepted almost complete responsibility for dealing with the housing crisis of the native people in that part of the country.

I hope that the minister, because of his background in this field, because of his knowledge and criticism of government activities or lack of activities in respect of our native people when he had special responsibility for these matters, will continue to reecho the voice of the opposition in dealing with this special problem. It will be necessary to involve the people themselves, as has been the case with the program in the north. None of the problems of unemployment—and they are chronic among our native people—job training, education and other major social problems can be resolved until the fundamental and basic social problem of adequate or decent housing is solved.

The minister himself has raised the level of social expectations of our native people to new and desirable heights. I urge him not to disappoint them, now that he has the responsibility for dealing with what most hon. members I am sure agree is the basic social issue of them all.

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

Mr. Gilbert: On division, Mr. Speaker.

Motion agreed to, bill read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

NATIONAL HOUSING ACT, 1954

MEASURE TO EXTEND FORGIVENESS FEATURE IN SEWAGE TREATMENT LOANS

Hon. Robert K. Andras (Minister without Portfolio) moved that Bill C-201, to amend the National Housing Act, 1954, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

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

Motion agreed to, bill read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

Mr. Knowles (Winnipeg North Centre): Six o'clock.

Mr. Deputy Speaker: It being six o'clock I do now leave the chair until 8 p.m.

At six o'clock the house took recess.

[Mr. Dinsdale.]

AFTER RECESS

The house resumed at 8 p.m.

INCOME TAX ACT

Hon. E. J. Benson (Minister of Finance) moved that Bill C-191, to amend the Income Tax Act, be read the second time and referred to the Committee of the Whole.

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

Some hon. Members: No.

Mr. Benson: Mr. Speaker, the bill we are to debate today contains the remaining proposals from the budget of last October 22. The tariff changes were approved by the House of Commons late last year and the reform of estate and gift tax legislation in February.

Most hon. members are aware that the most important of the proposals in this measure are those dealing with the taxation of life insurance companies, and the establishment of a 2 per cent social development tax to help finance our health welfare, post-secondary education costs, and our social development payments to the provinces. Those relating to life insurance companies can probably be dealt with best during clause by clause debate.

Briefly, I should say that while major in extent, the taxes on the life insurance industry are intended only to bring the taxation of this industry into line with that of other business activity and the taxation of personal savings. In my budget speech I outlined proposals for taxing, first, the profit which emerges from the operations of a life insurance company; second, the investment income which is destined paid or accumulated by them for policy holders. The detailed workings of these taxes have not been simple to resolve. I also said in my budget that the insurance industry would be consulted on the development of the detailed provisions required to take account of the special features of the business and to plan suitable compliance procedures.

During the interval seven months, we have had intensive and very helpful discussions with representatives of this industry. These discussions have resulted in some modifications of the provisions and have made a major contribution to the development of a fair and workable system of taxation for the life insurance industry. The effect of the

changes will be to place the insurance industry in closer competition with other investment institutions for the savings dollar of the individual.

The new social development tax reflects the tremendous growth during this decade of programs to relieve poverty through income maintenance programs, and to provide better health and social services and economic opportunity programs and aid to education. The federal government now is spending more than $5 billion annually on social development programs. The extent of this undertaking and growth in recent years is shown by comparing this figure of $5 billion to that of only a decade ago when federal expenditures on such programs totalled only about $1.5 billion and accounted for only about one quarter of the budget. We are now in the midst of a thorough review of all these programs so that we can ensure that these vast sums are spent in the most efficient way possible.

• (8:10 p.m.)

Although we think savings can be brought about, the programs themselves were necessary as a response to a society that is experiencing a rapid growth in population, the fastest rate of family formation in the western world, the impact of a new technology, and quick expansion of its cities. Last year it was noted that one index listed 159 different programs to relieve poverty and promote good social development. The costs of most of these have increased year to year, but the most startling growth has been in four areas—health insurance services, welfare, post-secondary education and unconditional payments to the less wealthy provinces. All are shared-cost programs, some undertaken at the request of the provinces and others in consultation with the provinces.

The budget papers tabled on Tuesday show that of the $911 million increase in budgetary expenditures in 1968-69 over 1967-68, $451 million—or almost half—was accounted for by increases in these four fields. This represents an increase in one fiscal year of 27 per cent.

The government last year decidde that not only was a review of all these programs required, but chose to institute a special tax to help pay for them. I emphasize the word help, because the $440 million we hope to raise this fiscal year through this tax would not quite take care of the increase for the last fiscal year in the four programs I have been talking about. The progressive tax on persons and corporations, the sales tax and the excise tax still pay for the bulk of our social development costs.

After lengthy discussion, it became apparent that the fairest way to pay for part of these broadly-based social development programs was to impose a special tax designed like a premium. We have precedents for such a system.

It was used to finance the old age security system. It made sense in this case because some of the fastest growing programs are for hospital and health insurance—services which would involve large costs for families if there were no government programs. A premium system was also used for the Canada Pension Plan. The social development premium, like the others I have mentioned, are graded according to one's ability to pay. Anyone whose gross income is about $8,000 or more pays the full premium, while for those earning less money the premiums are scaled down. For instance, a married taxpayer with two dependent children and earning $7,000 annually pays a premium of about $86. If he earns $6,000, the premium is about $66; if he earns $5,000, it is $46 and so on. Those earning below the basic exemption level pay no premium and all of their costs for these redistributive programs are carried by the treasury. If it is remembered that those persons who pay less than the full premium generally are those who benefit most from these programs, and that this tax pays only for a small part of these programs, this measure can, I believe, be considered progressive.

The provinces, not unnaturally, were displeased with this tax. By placing it in a special part of the Income Tax Act it has no effect on provincial taxes or revenues. If the additional revenues had been raised simply by increasing the graduated rates of tax applicable to income the provincial governments would share in the additional revenues. This would have required us to impose a tax to yield substantially greater revenues than $440 million. And it would have meant that the federal government would be held responsible not only for its own tax increase but also for the effective tax increases by the provinces. This would be contrary to one of the principles adopted by the federal government in 1966—the principle that future fiscal arrangements should provide that each government be accountable to its own electors for its taxing and spending decisions.

Income Tax Act

During the past six years the federal government has recognized many provincial priorities by taking large and expensive steps with shared-cost programs and increased abatements to reduce the gap between provincial revenues and expenditures. Large funds are now being lent to the provinces by the Canada Pension Plan and this will help ease the outside borrowing problems of provincial governments. The current reorganization of regional development programs is also expected to provide considerable aid to the poorer provinces over the next few years by increasing the economic growth in these provinces and raising their revenue base.

When more than one-third of our gross national product is being collected in taxation by three levels of government, surely the principle adopted by the government in 1966 is the only way to ensure that over-all taxation increases at a minimum. When possible the government that is spending should be responsible for collecting. And the voter should know as far as is possible what is happening with his tax dollar.

This principle coupled with any new arrangements we may work out to improve federal-provincial consultation and methods for joint action should go a long way towards making confederation more viable for the 1970's.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, here we find ourselves 253 days from the date on which the minister delivered his budget message and advised the nation of the tax measures he proposed in order that revenues might catch up with expenditures. We got a great homily that night on the virtues of moderation and the need to control expenditures because, suddenly, the government has discovered that big, bad wolf called inflation. You know, there is a great temptation on this eve of the 1969 budget to gradually slip over into some sort of budget discussion. I watched the minister very carefully for the last ten minutes of his speech and mentioned to my friend for Winnipeg North Centre (Mr. Knowles) that at least we will be spared tomorrow night hearing the homily we are getting tonight.

Actually, this is not a budget debate. We could go into a great deal of interesting speculation about the effects of inflation and whether the tax proposals of the minister included in this bill have worked out. But that is for tomorrow and the subsequent debate. What we are dealing with tonight in Bill C-191, and the regulations passed by the minister some weeks ago in dealing with insurance companies, are proposals, outside of the estate tax and the gift tax, included in the minister's budget.

On the night of the budget I said that it is a savage budget, and I still think it is. It is savage because of its impact in raising some $800 million of additional money one way or another. There was $440 million in 1969-70 for the social development tax, some $275 million in windfall advances for the corporation tax, something like $95 million with regard to certain classes of companies, etc., etc. We will deal with all this as we go along. But why do we have to have all this? I called the budget savage because the incidence of taxation had to be savage, really savage, if it was to catch up with expenditures. And if I might make my budgetary observation now, I think it high time this government abandoned the philosophy that it must tax up the level of expenditures over which it has little apparent control.

The minister tried to justify the social development tax, saying that it was in a separate category and was not made available to the provinces. In February of this year the minister was assailed from all sides by provincial premiers and ministers of finance for this particular move on this part. There we saw a bit of the Artful Dodger. Of course, the provincial premiers were themselves facing the same sort of problem as the federal government; they too have been on a honeymoon of expenditure for many years and they are having to tax up to their expenditures. They are desperate to find money. But the minister tried to justify his action on the basis of, "Well, if we had imposed an ordinary increase in the income tax in order to raise moneys for provinces for some of their programs, the federal government would have been levying higher taxs merely on behalf of the provinces." I would agree with the minister that he is, to that extent.

• (8:20 p.m.)

But he would be raising moneys for the provinces in respect of programs foisted upon the provinces by the federal government. Medicare is an example. With the exception of Saskatchewan, it has been foisted on all the provinces; they have been blackjacked into compliance. They are to receive about 50 per cent of the national cost and in these circumstances they cannot possibly afford not to join. I suppose that ultimately Ontario will come into the the plan, and Quebec, too. It is like waving a blackjack and telling a man he

must come along quietly, that it is for his own good. The same applies to the post-secondary education program. This was foisted on the provinces after one of the federal-provincial conferences, I believe. They were not happy about it, of course but the terms were such as to prevent their backing away from the plan. Nevertheless, their priorities were all upset.

I have said enough, I think, about general budgetary considerations in reply to some of the statements made by the minister. Now, let us look at the purport and contents of Bill C-191. I must say that the provisions dealing with life insurance companies are extremely complex. Indeed, I am sure that only the minister's officials and those who are intimately connected with the insurance business—I do not mean with the retail selling of insurance, but with the actuarial side and the financial side—will be able to understand the complexity of the proposed amendments and of the regulations. I have looked at them. They are of great length. They deal with the lesser, or the greater, of alternatives, and so on. I must confess one has to start from square one and block out the pattern step by step in order to arrive at a coherent picture and, unfortunately, we just do not have the time in the house to do so.

In the final stages, we heard a great deal of protest from the insurance industry. I am sure the minister has heard a great deal of it, since delegations from the industry have met with him at his invitation to work out something which would be practical. I do not suppose the life insurance industry likes these provisions at all. I will say this: when the policyholders find out what this is likely to cost them, they will be greatly and gravely surprised. Remember, it is not the insurance industry who will be paying; it is not the shareholders, in this case, who will pay because after all most of these life insurance companies in Canada are mutuals. The policyholders are the shareholders, Mr. Speaker. Every cent which is extracted from these companies will come, ultimately, from the policyholders themselves. Let us not be sanctimonious about this and believe that the minister discovered the life insurance companies operating in some sort of tax haven from which he is now unearthing them. These companies did pay taxes. It is true that they did not pay taxes on some investment income which went directly to the policyholders. As a result of these proposals we are going to see increased rate books. There are no two ways about it.

Many members of this house, and perhaps people who are in the galleries tonight, whether they hold participating policies or whether dividends go to reduce the premiums and for the benefit of the policyholders, particularly in the case of mutual insurance companies, will find that this is so. Well, the minister has told us he intends to extract a lot more money which he believes he should get out of the insurance industry. It comes down to this: it is little John Q. Citizen who will pay. It is the individual Canadian policyholder, whether your son or mine who holds a small, junior policy or whether it is a businessman who holds a much larger investment in insurance, or whether it is the holder of policies put into effect to protect wives and children, who will have to bear the extra cost.

In addition I suggest, as was done shortly after the publication of the budget, that the insurance tax may well cost up to 10,000 homes, perhaps not over a year but over a period of time. In terms of Canada's housing crisis, this means an awful lot. Let me point out that all this money would have been available for investment in mortgages. It will no longer be available because the minister will take it. What will he do with it?

Mr. Benson: Invest it in homes.

Mr. Lambert (Edmonton West): The minister does not use it for homes. He does not use it at all for that purposes.

Mr. Benson: Through the National Housing Act.

Mr. Lambert (Edmonton West): The minister lends to the Central Mortgage and Housing Corporation but he cannot bamboozle anyone by saying the money raised from taxes goes into homes. Not one iota does. The money lent to C.M.H.C. is raised by bond issue or otherwise, usually be bond issue. And when it comes back to Central Mortgage it goes into the Consolidated Revenue Fund.

Mr. Benson: We lent it.

Mr. Lambert (Edmonton West): That is right. But the effect of taking away this money from the insurance companies and their policyholders will be to increase the cost of insurance to the ordinary policyholder. In the second place, it will remove money which would normally be available for investment in homes.

As the minister knows, Canada's insurance companies are among the biggest lenders in

respect of home and apartment construction in this country. Just as the Canada pension plan syphoned off a lot of money which would have been assigned to the residential mortgage field, so this proposal of the minister's will further restrict the flow of capital available for home construction. On one hand we are trying to tempt money into the housing field and on the other we are preventing it from reaching that area. I just cannot understand what is the name of the game to use today's language, in which money is taken away from institutions which primarily lend money for residential construction. I cannot see it.

Let us consider the act generally. Frankly, it contains a lot of tidying up features. One of the early clauses relates to the treatment of unpaid remuneration to third parties—how this is to be handled on the books of an employer. Another deals with the procedure for the recapture of capital cost allowances on the disposal of a vessel. Well, there is a great deal of social importance attached to that proposal. Third, there is a provision dealing with the deduction of taxable income in respect of children receiving family allowances and youth allowances—precision as to age. This is a tidying up measure. We are also advised, though this did not appear in the budget speech, that expenses in connection with artificial kidney machines, the use of oxygen tents and other equipment to administer oxygen will be considered as allowable expenses within the medical expenses bracket. Fifth, there is something to do with the rate of computation of the reserve deductible in computing the income of a taxpayer whose business includes the lending of money on the security of a mortgage, etc. of real property.

• (8:30 p.m.)

Then there is another item, Mr. Speaker. I think it was indicated in the budget speech that there will be a denial to the ordinary taxpayer of any medical expenses which he would include in that category of permitted medical expenses if these have been paid by any public medicare plan. Those people who come into the provincial schemes as the province enters into a scheme, say anything that is paid after July 1 in the case of a province such as Alberta, where it is coming into force after that date, will be naturally non-acceptable under the medical expense item on the income tax sheet.

I mentioned earlier, Mr. Speaker, that the taxation of life insurance companies was one of the principal facets of the tax proposals of the minister.

The second point has to do with what I call the hurry-up or speed-up of the payment of income tax by corporations, regardless of their size. Any concern with "Ltd." behind its name must now pay income tax as it goes along. From here on such concerns must estimate their annual income tax and pay this in one-twelfth instalments. If they are late in so doing, they must pay an interest penalty. I know this may be all right with professional businessmen such as doctors, lawyers, architects, accountants and so forth, but they are in an entirely different category. True enough, they do have accounts receivable and there is a time lag. For instance, lawyers have a great inventory of accounts that have not been paid and which have been accumulated with regard to files, but that is the price of doing business. Naturally, all they do is increase their fees in order to compensate for this additional expense.

The minister's colleague, now the Secretary of State for External Affairs (Mr. Sharp), three or four years ago was the first to introduce the speed-up whereby the time period during which a corporation could pay its income tax was cut back to a matter of a few months to the point where it is now month by month. I can think of some things that tend to create inflation, drive up prices and the cost of doing business, and here is a classic one. The minister on this occasion has stated this will bring in increased revenue of $275 million. The minister needs this $275 million because last year he faced the biggest peacetime deficit in our history. This is so according to the tables of The National Finances of the Canadian Tax Foundation. The previous Minister of Finance managed to raise approximately $240 million.

What does this mean to the ordinary small businessmen whose profits are tied up either in inventory or accounts receivable? What does the imposition of the speed-up mean? There is a greater strain on the working capital of all concerns from the small contractor who is incorporated right up to the very large giants. They must go to the bank to borrow money to pay their prepaid taxes to the government. Naturally, this is going to cost them money. They are going to cover themselves by increasing their prices. Who pays? Again it is John Q. Citizen. It is another drive-up for inflation, another spur to inflation. Yet, we are told this coming budget is to be anti-inflationary. I will be very interested in seeing how the minister is going to deal with it

[Mr. Lambert (Edmonton West).]

because it seems in so many instances the imposition of certain taxes have a complete reverse effect. Instead of being anti-inflationary, they are inflationary. I say that the speed-up of corporation income tax is definitely in the nature of an inflationary tax.

Of course the effect has now gone. The windfall effect is now exhausted. The treasury has benefited by close to $750 million over the past few years. This is the amount they have siphoned off. As I stated earlier they have used that amount to catch up with the rate of expenditures. There have been no surpluses and there have always been healthy deficits.

We have spoken about the resident insurance companies and this also applies in part to non-resident insurance companies, such as those in the general insurance field. The detail there is very complex. There are some provisions dealing with the sale of oil and gas rights deemed to be income in the year of sale rather than as payments are received. I trust when we come to the clause in question the minister will explain the rationale. For some reason or other individuals selling oil and gas rights are to have the proceeds charged as income in the year of the sale, although the proceeds may be spread out over a number of years. They will be taxed on the basis of the total amount to be received as though it had been received in one year, subject to setting up some sort of reserve. We will see how adequate this reserve is to be. Again, why was this done? After all, the individual who sells on a term basis has not received income. It seems to me that the true rationale of income tax is that you pay on the basis of income that you receive and not on this so-called accrual basis. Instead of deducting as an expense the cost of borrowed money used to acquire appreciated property or used for the purpose of exploration, prospecting or development, there are options to capitalize. These are complicated tidying-up things. We will also see what these may mean.

• (8:40 p.m.)

I wonder why on earth in clause 29—that is the only reference I will make to a number—there is to be a tax on payments for know-how. There is a 15 per cent withholding tax involved upon, shall we say, the management fees paid for know-how by a subsidiary in Canada to a parent company in the United States or elsewhere as though this were a dividend. I would want to get a full explanation about this. Maybe I missed something along the way. I am quite sure I may have. They are in the same category or same classification as patents, trade marks, models, plans, secret formulae, etc. I suppose it may be that the minister has discovered that some parent firms are using this as a secret method of withdrawing revenue from Canadian subsidiaries. If that is the case, we will certainly want to know, and I suppose there is a way of doing it.

Now I come to the social development tax which this year is to yield about $440 million. Mr. Speaker, I called that tax savage the night of the budget, and particularly the limit of $120 of tax. Frankly, it means that persons with an income of somewhere just below $10,000 are the ones who bear the whole burden of this 2 per cent tax. Those whose taxable income is somewhere over $9,000 to $10,000 pay actually less than 2 per cent, and all those well above that are not carrying their load under what is alleged to be a progressive income tax system, progressive to the extent that as your income goes up it is deemed you are better able to bear the load, and so your tax returns are higher.

I know that a rationale was given by the Prime Minister on some occasion to the effect that, "Well, this is the sort of thing that drives people away from Canada to the United States, people who are in the middle and upper income brackets, if they continue to be taxed to the limit." There is no doubt that our taxes on income at the upper levels are higher than taxes in the United States, and therefore we tend to drive people away. Mr. Speaker, that has been going on for a long time. I have personally felt that the system of taxation used by Canada on incomes is a penalty on ability, a penalty on energy, a penalty on responsibility, and a full penalty on initiative. But that is the way the tax system is devised, and it is a wonder that more people have not left because they get penalized that way.

It does not matter whether you are going to work 16 or 18 hours a day, as many men do seven days a week, often gathering up ulcers, in order to develop a business. The net result is you get hit with hard taxes, and much of what you earn is taken away from you.

One of the points not touched upon by the minister concerns interpretations that the Department of National Revenue has placed upon registered pension plans for employees of corporations. I want to know why the minister did not deal with this subject. Last year quite a change seems to have been introduced because under section 11 of the Income

Tax Act an employer could contribute up to $1,500 yearly per employee toward a registered pension plan, and the employee could contribute up to $1,500 per year on his own behalf. In addition, an employee could contribute up to $1,500 for each year of past service with his employer while he was not a contributor to a registered pension plan. In other words, he could pay up arrears. These scales were on the basis of the federal civil service plan. The maximum pension which could be provided for an employee was one equal to 2 per cent per year of service of an employee who worked for 35 years, and therefore at the end he could receive a pension of 70 per cent of the average of his best six years' salary.

Well, if the federal civil service pension scheme is deemed to be a fair one, and I think it is, what's wrong with it being the same way in industry? If a man works 35 years for a company—pretty well a normal working life—there is no reason why he should not be able to contribute, and his employer contribute to a registered pension plan which would give him 70 per cent of his best six years' salary. But the department has introduced a new rule which discriminates against small, closely held corporations. This rule states that pension plans established primarily for shareholders and their families will no longer be accepted for registration. But these people are still employees, and apparently this rule will be invoked regardless of their employment status with their corporations. And what is worse the department has even gone further, to indicate that previously approved plans may have to be brought into conformity with the new rules when they are amended, that is to say when the plans are amended. Even the slightest amendment to a plan will bring it under the rule, and will eliminate those plans for smaller corporations where shareholders are actually employees of the companies.

Finally, the department has stated that hundreds of plans in process now and not yet approved, but submitted to the department for registration prior to October 1, 1968, must conform with the new rule. This will affect plans for which contributions have been made in good faith for as long as two years. I would like to know why the Minister of Finance and his colleague the Minister of National Revenue (Mr. Côté) have seen fit to make this change.

It is absolutely unfair that proper pension plans which were quite acceptable under the former rules, were submitted for approval, and because there was humming and hawing for up to two years during which times the rules have been changed, they should now be said to be unacceptable for registration, despite the fact that employers and employees were making contributions to these plans all that time. Is there not a breach of faith in regard to this? Why should there be a retroactive aspect to the department's plan to deny registration of those plans submitted prior to October 1, 1968?

Secondly, Mr. Speaker, why is there the discrimination against small closely held corporations? Surely, the Minister of National Revenue, from the examination by his auditors, is quite able to say whether there has been any attempt or plan to deprive the treasury of funds to which it was legitimately entitled. Surely, those self same employees of small corporations are entitled to the same privileges as those held by the employees of large corporations and by employees in the public service? Are these citizens to be set apart just because they happen to hold shares? They might hold two shares in a private corporation and occupy a very responsible position, perhaps having started out as an office boy and worked up to become treasurer of the company. I know that the Minister of Finance is involved with his colleague the Minister of National Revenue, and since registered pension plans are subject to exemption from the payment of income tax I think this is a matter than should be dealt with at this particular time.

• (8:50 p.m.)

During the discussion of this very voluminous bill a great deal of time may be spent in getting at some of the detail. I am not suggesting this debate should last any great length of time. It is absolutely anti-climatic. As I said earlier in opening my remarks, 253 days after the delivery of the budget of October 22, 1968 we are considering a tax measure announced by the minister on that night. About a couple of months after the event we dealt with the estate tax provisions, but I do not understand why we could not have dealt with the income tax provisions at that time.

Mr. Benson: There was the omnibus bill.

Mr. Lambert (Edmonton West): Yes; the minister says we had the omnibus bill. That was one of great social moment. We relieved against gross indecency between consenting adults. That had to come in before determining the validitiy of the imposition of a 2 per

cent social development tax. You know, there is no law which says that that tax should be collected. Oh, I know it comes in under the Financial Administration Act, but the point is that if the tax bill is defeated—and recent history shows that this has happened—then the bill goes out the window. Then, the minister would have to refund all the cash he has collected, not under the provisions of this particular bill dealing with income tax and so on, but through some obscure provision in the Financial Administration Act which is there as sort of a full dispensation to an erring Minister of Finance. I do not know whether the Minister of Finance has any tax changes to bring in tomorrow night, and I do not know whether the government will insist on closing this house on June 27 for the summer adjournment, but if they are going to insist on the priorities for the legislation suggested today, then the schedule is just not possible. I believe the minister is realistic enough to realize this. So, I suppose what will happen will be that we will not have any tax changes tomorrow night. We can be thankful for this small mercy that we will not get any tax increases.

Frankly, the minister in his budget presentation of last October predicted that by the end of March, 1970, the end of this fiscal year, there would be a surplus to the tune of $5 million. I rather think, as an educated guess, that he might be $200 million short. He will be short on his revenue. He is already over on the expenditures. Wait until the bills for medicare come in. Then, the minister will find he has underestimated the expenditures and I suppose next year taxes will go up to catch up with our expenditures.

Mr. Max Saltsman (Waterloo): Mr. Speaker, I have seen lots of ministers of finance reach out to prove how progressive they are, but I think this one must be the prize of them all. He has reached out so far that he is in danger of throwing all his limbs out of joint in an effort to prove the progressiveness of the so-called 2 per cent social development tax. It was very revealing tonight when the minister started changing the emphasis, and instead of calling it a tax he called it a premium. I think this is one of the first times I have heard the minister refer to it by that term. The fact is that a tax in a country like this should be progressive. Instead of that, he is indicating that everybody virtually will pay the same amount regardless of their ability to pay. I was rather surprised by the language he used when he talked about the purposes of this tax and said that those who benefit the most pay the least. In other words, the poor are well off. It may be in this particular tax provision there is some benefit to those who have no income because this is a surtax on income; but how any minister of finance can say that the poor in this country are better off than the rest is beyond me.

The beneficiaries of our society are not the poor. It is not the poor who send their children to college. It is not the poor who need roads for industry. It is the better off who benefit from most of the taxes paid, in return for which they always seem to be willing to throw a few crumbs to the unfortunate in our society to keep them quiet. This is sort of an insurance policy which undercuts revolution in the country. As has been pointed out by the Carter royal commission, we have one of the most unfair tax systems in the western world. This 2 per cent social development tax goes a long distance toward making it even more unfair than it was before.

Recently, we had an example in respect of the estate tax legislation. There were some complaints that this legislation was hurting people with large estates. The minister responded to the democracy of his backbenchers and changed that legislation. On the other hand, we have the 2 per cent social development tax, unfair as it is. Almost every intelligent voice in this country has been raised against this tax and the minister has done nothing at all about it. The minister has the nerve to come back many months later and present the tax in basically the same form in which he introduced it in the budget. Perhaps he thinks that by changing the language he solves something or that by the use of sophistical semantics people will forget the injustice and unfairness of this tax. The people are not that foolish. Only this morning it was brought to my attention that the Hamilton and District Labour Council has been trying to get an interview with the Minister of Finance (Mr. Benson) for a long time to explain their opposition to this tax. I should like to quote from their letter to the Minister of Finance:

> Hon. Sir: Inasmuch as I have not had even the courtesy of a reply to my requests for an appointment to meet with you and present a petition and our submission to you with respect to tax policy, you leave me little choice but to forward our ideas in writing (copies of which, you will note, will be sent to those noted on this correspondence).
>
> I trust you will at least give this submission and our petition your serious consideration.

The letter is signed by F. Stewart Cooke, president. It is a disgrace that the minister has not met with the representatives of the

Hamilton and District Labour Council. I am rather surprised that the Liberal members from Hamilton have not raised their voices to protest the action of the minister on this occasion. I think the submission is interesting in itself and probably explains how the steel workers feel about this particular tax. I should like to quote their submission in full:

The Hamilton and District Labour Council represents over 40,000 affiliated members. We have had extensive dialogue with our members over the question of taxes. Our members are concerned with the present tax policies of our country. They do not think we have fair and equitable taxation. This feeling is based, as we have pointed out, on considerable discussion of the problem giving them some knowledge of the current situation. Even more important, it is based on an increasing and personal awareness of how they themselves are affected by taxes.

Our labour Council took part in the Canadian Labour Congress Citizenship Month campaign to publicize our support for the principle of fair and equitable taxation and general support for the recommendations for reform contained in the Carter Report. The response that this campaign met with is certainly indicative of the widespread public support for such reforms. The card signing campaign resulted in hundreds of cards being sent into your office and the offices of both Federal and Provincial Members of Parliament.

• (9:00 p.m.)

We received another 8,000 cards from the Hamilton area alone. However, most significant in this part of the campaign was the result from two newspaper ads we placed in the Hamilton *Spectator*. We printed a sample of the card and asked readers to clip and mail to the Labour Council office. We do not know if any were mailed directly to you, but we received over 1,300 in our office. These were mailed at the people's own expense. Almost 100 of them contained a personal letter, appeal for action, or pledge of support. Copies of these letters are enclosed, and some of them are from the very heart and cannot help but make any interested party realize that there is a need for more justice in tax policies.

Because of this concerned reaction to our campaign, and because of the labour movement's—and this labour council's—honest belief that justice is not being done for the working people; because of our feeling that fixed income, low and middle income citizens are bearing an unfair portion of the tax load, we ask you to act now in implementing major tax reforms in Canada.

You, Mr. Minister, more than anyone else, because you hold the responsibility in a majority government, have the power to act. We are asking you to be partisan; be partisan on behalf of the vast majority of Canadians who work for wages or live on pensions, and who are not very affluent in today's society. The lobby on behalf of the corporate world and the entrepreneur and speculator is big and powerful, and well organized. The media of this nation is private enterprise and, therefore, at the command of those with money. They present their case well and constantly, and it is a case for the 'status quo' or, at best, as little change as necessary—and only when necessary.

We can only rely on the efforts of individual citizens and the efforts of those unions with a social awareness to plead our case.

This makes it imperative, if people are to continue to have faith in people as politicians, that you, as a minister of the people, put their interests firmly ahead of the vested interests of the few.

We say that recent tax increases have hurt the average citizen more than the wealthy, and much more than some of our corporate empires. We find it impossible to justify, for instance, your 2 per cent social development tax increase with a ceiling, so that it hurts those above $6,000 taxable less than those below.

We cannot understand the reluctance to institute a meaningful capital gains tax, especially as a curb to speculators.

We question the tax loopholes and exemptions and depletion allowances enjoyed by mining, forestry and financial institutions.

The vast power of giant conglomerates indicates the increasing concentration and power of wealth. We fear that this power gives them almost the right to tax through their control of prices.

To us it is an injustice that an old age pensioner with a supplement pays taxes. It is an injustice to increase taxes on working people with a tax ceiling. It is an injustice to allow speculators to make thousands on a smart land or stock deal and pay no taxes, while a worker putting in overtime or receiving a small dividend from his credit union finds a good portion of this extra hard-earned incentive gone in taxes.

We know where the wealth is in this country—it is in the corporate structure. We feel that this is where you must go for your tax dollars.

Our people value their society and are willing to pay for it. We know taxes are here to stay. We expect they will increase. We are willing to accept all of this.

In return, we ask that taxes be more fair and equitable than they now are. We think the principle of 'a buck is a buck' makes sense!

This intelligent letter indicates a recognition which most of us have that taxes are here to stay, that they are worthwhile and buy us things we could not buy in other ways. How many of us could send our children to school without the tax system we have? Would we have roads without taxation? Would we have the facilities we now have without taxation, or ultimately medicare without taxation? Taxes purchase many of the things we need, but there is an anger against taxes in this country which is caused by the injustices of the tax system. It is not that we do not recognize the value of taxes. The facts are quite simple; the wrong people are often being asked to pay an unfair share. We feel this aspect needs to be corrected, and we feel that this 2 per cent social development tax in particular is an infamous kind of

[Mr. Saltsman.]

levy. Our tax system generally needs to be improved because it is most unjust.

I remember having a conversation with a businessman at a time when a local trucking firm was in the midst of a strike. This businessman simply could not understand why these workers wanted more money. He argued that, after all, truckers were making just as much money as he. Perhaps if we were to take a look at the dollars they were both receiving in the form of salary, it might look that way. But to do so would be to ignore the vast difference in non-taxable benefits which accrue to one group of citizens as against another. A person on wages or salary pays taxes on everything he earns. The other group of people receive very many benefits which are not available to the wage earner.

Let us consider, for instance, a simple thing like the automobile. Although there is an assessment of what is personal and what is business use, there is no doubt that those in business are able to deduct large portions of their transportation costs. If they travel, much of their travel expense becomes a deductible benefit. Entertainment, of course, is another matter. It is very difficult to prove whether you are entertaining a customer or someone else, and this tends very much to be a benefit. Retirement savings are more easily available to people in business than to the average wage earner. Obviously, if a businessman makes a capital gain, this is an opportunity available to him that is not available to a person on a wage or salary. Sometimes a part of the cost of housing is paid for, and of course a businessman has the opportunity to decide when he wants to bring certain income into a tax position. If he belongs to a business association he is permitted to deduct this cost. If he needs books he can deduct that cost. If he goes to a conference, that cost can be deducted. Even special clothes he might use in his occupation are often deductible. He also gets a depreciation allowance which is very helpful, and this is not available to the wage earner.

Interest rates for the businessman are deductible. Any increase in the cost of money is not as significant to him as it is to a man on wages or salary. On top of that, the businessman often gets special benefits as a result of stock options. Although some businessmen may feel they are no better off than a truck driver, I have not heard of many of them opting to drive a truck after getting out of business. There may be good reasons for continuing these deductions. I do not think there is a good reason, but perhaps an argument can be made for them. If that argument is acceptable why should not the wage earner and the salary earner also be permitted to deduct these items from their taxable income?

Recently, I received a letter from a professor at Waterloo university in which he forwarded a submission by the Canadian Association of University Teachers. I should like to quote from this letter:

> I have felt for a number of years that university professors have been discriminated against because we are not able to deduct from our taxable income legitimate expenses that other professionals, businessmen . . . may deduct. For example, I cannot deduct the cost of books and journals that are as necessary to my career as is farm machinery to a farmer. Nor can I deduct the cost of travel related to a research project, even though research publication is a prime requirement of my job.

• (9:10 p.m.)

> Even worse off is the young professor who is still working on his doctoral dissertation but cannot deduct any of his expenses. When I was finishing my dissertation while lecturing in Detroit, I was able to deduct all my research expenses from my taxable income. A professor in the United States is financially much better off than his counterpart with an equal salary in Canada.
>
> I hope that you will bring these matters to the attention of the Minister of Finance.

It is terribly unfair that one group of citizens should enjoy very real benefits which are just as real as if a money payment was paid, while another group which I believe is just as valuable to our society is not permitted this kind of deduction. Let us forget about the businessman and the professor for a moment. What about the fellow who works in the shop? How well does he do under our tax system? What is his position? He must pay all the expenses incurred in connection with his automobile. He needs his automobile just as much as the businessman does. Anyone who considers the industrial developments in this country knows that a great many people work in one city and live in another. They may travel 15 or 20 miles a day to get to work. Even in a city that has some sort of public transportation system, the automobile has become almost indispensable to the worker in order for him to hold down a job. We all know that running an automobile costs about $700 or $800 a year; it frequently amounts to 15 per cent of a workman's income, which is a very big hunk. None of the expenses incurred in running his automobile are deductible.

When you consider travel, you find that the working man cannot deduct the cost of that travel. I suggest that as great an argument could be made in respect of people in shops going to seminars, union meetings and practising industrial democracy as could be made in respect of businessmen going to conventions. If a businessman is permitted to make these deductions for travel and business purposes, why is not the workingman allowed to do so? Why is the workingman not entitled to the same privilege? I suggest that what is good for one should be good for the other.

Let us deal with some other matters. What about entertainment? If a businessman entertains for the purpose of making a sale, doing business or pursuing his normal line of activity, that is all right and those expenses are deductible for income tax purposes. But if Joe takes out Harry, who works in the same shop, because he wants him to join the credit union or they want to discuss a matter affecting their livelihood in the shop, perhaps union business, and Joe buys Harry a beer, that expense is not deductible. The booze the businessman buys is deductible for income tax purposes. There is something wrong in our kind of society when this is the situation. Perhaps neither expense should be deductible; but if one is, the other should be.

We could save ourselves a great deal of money in this respect, because beer does not cost as much as the businessman's high expense account living which takes place at the moment. I know a great many people who work in shops. Many of them have attended retraining schools or studied at night in order to upgrade themselves in the job; they have taken part in apprenticeship programs or have been learning about new machines. They have enhanced their talent and the contribution they are able to make to the shop in which they work and society generally. In effect, they have upgraded themselves, or if we want to put it another way, a capital gain has taken place.

If we were to apply the same rules that apply to capital gains on property, the extra money the workingman earns as a result of having improved himself should not be taxed; he should receive the full increment and there should be no tax applied. After all, the land speculator achieves this result by upgrading the value of property in which he deals. Is the human being less important than a piece of property? However, our tax system does not work that way.

[Mr. Saltsman.]

Let us consider depreciation, for example. The workingman's house is to some extent his factory. He is told that if he buys a washing machine he will effect certain savings; if he buys a good stove he will effect certain savings. Why cannot he depreciate this kind of machinery in the same way that a businessman depreciates machinery used in his undertaking? If we are to have this kind of business depreciation in respect of tax, it should also apply to machinery used in the home. Most of us feel that the home is a man's means of raising a fine Canadian family. Why should he not be able to deduct interest in the home? The businessman can deduct his interest in the profession or undertaking he follows.

The workingman can claim only a very small allowance for his working clothes or his tools, which are essential to his work. These things which he needs for his work are not deductible for income tax purposes, just as the university professor's books are not deductible. This is quite ridiculous. Can you conceive a professor who does not read books? Yet, they are not deductible for income tax purposes. On the other hand, any business entertainment extravagance is deductible for income tax purposes.

It may not be possible to allow deductions for all these things; it may mean an incalculable amount of bookkeeping in order to bring justice into our tax system. So perhaps we should be talking about making nothing deductible. This would not affect the workingman, because at the moment very little is deductible for him. It would certainly bring everyone into line, however. I suspect that the government would save an enormous amount of money on this deal and would very substantially increase revenue derived from taxes.

The Carter Commission tried to deal with this problem. They considered the situation. They saw that living high off the hog was pretty prevalent in this country. They saw that a great deal of it was wrong and should be corrected. They tried to effect a change by suggesting limits on what a businessman might spend; they suggested he might spend so much a day on hotels, on so many trips a year, and this sort of thing. I believe this will not work. It is one of those situations for which it is almost impossible to legislate, because the kind of regulation that would be needed would be impossible to enforce.

In the long run we will simply have to say that none of these things are deductible for

income tax purposes and they should be tacked on to the price of the goods involved. I believe that only in this way can we ever be certain that very important sources of non-cash benefits are coming into the tax fold. Apart from the unfairness involved in our present tax system, it kills a great deal of the potential efficiency in this country. Many of the tax privileges conferred on industries enable those industries to be less efficient than is necessary. The Carter Commission pointed out that one of the evil effects of the special allowances we have been granting to the oil and mining industries has been the promotion of a relatively inefficient structure. Far more capital has been invested in that industry than was actually necessary. Many of the investment decisions were being made for reasons of tax benefit, to avoid paying taxes, rather than because the industry required that amount of money.

• (9:20 p.m.)

I find it difficult to understand why in this period of our history, when we are supposed to be moving toward a somewhat more egalitarian society than we have had, a minister of finance would bring in such a regressive tax measure, a social development tax with a ceiling of $120 on it. It has been suggested that the reason for this is that the minister does not wish to share his revenues with the provinces. This tax, then, is one way of ensuring that he does not share revenues with the provinces. If this is the case, then it strikes me as one of the poorest excuses for this kind of tax that could possibly be devised. One would think that the federal government was at war with the provinces of Canada. One wonders whether or not the federal government thinks the provinces are part of Canada. It is not that the provinces do not want to share the tax revenue with the minister. The minister knows full well that they are most eager to share this tax revenue, but the minister does not wish to do it.

Part of the philosophy that pervades the other side of the house relates to the fact they are not going to participate in raising taxes for provincial purposes as they have done in the past. It is going to be very nice for them. The Liberal party can go into the next election looking like a bunch of heroes. They have not raised the taxes too high, and they can throw the responsibility on the provincial legislatures by saying, "You be the bad guys. Raise the taxes, and incur the wrath of the public. It won't be us". I suggest this is a rather dishonest position for a government to take, particularly when it is quite obvious that in a country like ours it is easier for the federal government to raise taxes than it is for provincial governments. We know that there is a vast disparity of means and ability to raise taxes between one province and another. If the federal government takes the position that it is not going to assist the provinces in collecting their revenue requirements, the terrible disparity that already exists in this country will be increased. It is not worthy of the government to take this position for political reasons.

In conclusion, Mr. Speaker, I want to reiterate that the minister's assurance and sophistry will not convince one single Canadian that this tax is fair or just.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, since I came to this house in 1962, I have learned to fear bills amending the Income Tax Act as much as budget speeches. I fear them because the amendments to the Income Tax Act have always been to the disadvantage of the Canadian taxpayer and have always contributed to get more and more money from the workers, the farmers, in short from those who need their income the most. Whatever the level at which taxes are levied, it is always the consumer who pays.

The amendment to the Act, namely Bill C-191, will contribute to cut once more the purchasing power of the Canadian consumer.

Every time the government introduced legislation to amend our tax system, specially in these last years, it claimed that it was to fight inflation. But as a result taxes increased and the cost of living increased accordingly. It seems that this inflation, this alarming increase in prices, suits the government because each time prices go up that means a new tax increase without the need to introduce a new bill or to announce it to the Canadian taxpayer.

Many taxpayers are unaware that each increase in prices means an increase in taxes.

Mr. Speaker, I want to give a rather striking example of these tax increases. I will take as an example the field of housing construction. In my area, Abitibi, in the fall of 1968, the price of frame-lumber, was $96 per 1000 feet, plus the 11 per cent federal tax—$10.56—and the Quebec provincial tax, over and above the federal tax of 8 per cent—$8.52—for a total cost of $115.08.

In the spring of 1969, the same product registered an increase of $24 per 1,000 feet

and sold at $133.20, the 11 per cent federal tax included. It was then necessary to add the Quebec provincial tax of 8 per cent, which gave a total of $143.86 per 1,000 feet of wood.

Thus we can see that for the same quantity of wood, the federal and provincial taxes represent an increase of $28.78.

Mr. Speaker, I wanted to lay that example before the house to show that every increase in the cost of living amounts to a tax increase at both levels of government.

The same situation holds true in the shoe, the clothing, the furniture industries, in short in the manufacturing industry as a whole in Canada.

When I hear the government say that it wants to fight inflation, I say that it is not serious at all and that the steps it takes to fight inflation bring about no other result than that of increasing it because that serves its purpose.

This bill refers in part to social development. But the government levies a new tax that may reach $120.

Perhaps it is not very necessary to stress that point because it has often been raised in the house. Protests have been heard from all sides against this so-called social development tax that removes purchasing power where there is not enough already.

When one considers the way a government must finance the administration of the public welfare, one cannot do otherwise than censure it. I suggest that a taxation system should never have as its objective to finance the administration of a sovereign government but to tend, rather, to regulate the flow of money within the country, to take money where there is a surplus.

• (9:30 p.m.)

When money is scarce some sector of the economy, whether it be agriculture, industry or labour, unease, such as that which is now felt in Canada, is generated. There is critical unemployment and poverty in agriculture and industry, yet the government persists in seeking money there, where it is already scarce.

Should there be too much money at some level of a country's economy, that can generate as much unease as too little money at other levels.

In my view, the tax system must be a safety valve, that is to say that, when there is a surplus of money at some level of the country's economy, the tax system must allow the taking of this surplus money. Here, Mr. Speaker, I am thinking of the creation of a monopoly, and that is when the tax system must intervene.

[Mr. Laprise.]

That is why I say, and my colleagues in the Ralliement créditiste will support me, I think, that the only acceptable tax system is that which provides for taxation at the source. However, the tax exemption must be high enough to leave to the individual a reasonable purchasing power and income to meet his obligations, because the basic exemption is clearly insufficient to meet the needs of workers and consumers. In fact, the basic $1,000 exemption is the same, I believe, as it was 10 or 12 years ago. It has not been altered in spite of the heavy burdens from all sources resting on Canadian families.

Now, I believe that instead of establishing a direct tax, at the source, called a social development tax, which deprives families, individuals and needy persons of purchasing power, the government would have been wiser to increase the basic exemption of single persons from $1,000 to $2,500, and that of taxpayers with dependents to a minimum of $5,000.

If the government had adopted the measures we have been recommending for many years, it would have greatly helped Canadian families and workers, those who need it most.

A colleague of the Minister of Finance (Mr. Benson), the Minister of Consumer and Corporate Affairs (Mr. Basford), stated in a speech he gave at a federal-provincial meeting on December 19, 1968, that the principal means on which the federal government depended to regulate the level of economic activity and the increase rate of prices were the monetary and fiscal programs.

It seems that the federal government simply cannot find means other than monetary or fiscal programs to regulate the level of economic activity and the rate of increase of prices. Considering all that goes on in Canada, I believe that the government has misused such monetary and fiscal programs, for they have produced results contrary to expectations.

The bill now before us, on the eve of another budget speech, issues from the financial statement made in October 1968.

Mr. Speaker, I wonder a little why the government, if it wished to have that legislation adopted at all costs, waited so long to introduce the bill. If that legislation is designed to improve the economic situation, the employment level and government administration, why is it coming so late?

We are awaiting tomorrow's financial statement with apprehension, because judging by the way the government proceeds generally, it will contain measures detrimental to the Canadian people, as is to be expected by the statements the Prime Minister (Mr. Trudeau) made recently when announcing cuts in government expenditures. There is cause for concern and we are anxiously waiting for the budget speech.

This bill does not give any assurance that brighter days are in store for Canadian consumers. Unemployment is at a very high level. Canadian taxpayers are short of purchasing power and are to be deprived of even more as a result of this bill.

I think many are concerned, and rightly so, about the present tax system, because it is no longer possible to save money and even the smallest savings are taxed. This year, we even require the small saver to pay tax on the interest on any saving from $10 up, which means that it is no longer possible to save a few bucks for lean days.

Once again, it is the poor people, the ordinary workers, the ones with a small bank account, who are the victims of the present government's shameful unfairness. We cannot be proud of this government or of the provisions before us tonight. I, for one, do not intend to approve this bill.

• (9:40 p.m.)

[*English*]

Mr. F. J. Bigg (Pembina): Mr. Speaker, income tax affects every home in Canada. Today, when taxes are rising steadily, the people of Canada are alarmed. Not only are federal taxes reaching an all time high, but the provinces are also on a spending spree. After coming to the federal bargaining table and getting "no" for an answer, the provinces go back to their own areas and consider ways of raising additional money for themselves. Everyone is getting in the act. My words of warning are directed to provincial authorities every bit as much as to the Minister of Finance (Mr. Benson). I suggest that the lawmakers of Canada at municipal, provincial and federal levels should meet and discuss ways of cutting out waste and extravagance at all three levels. Priorities should be built into the tax structure because no economy in the world and no ideology can stand a taxation system that takes more than 50 per cent of a taxpayer's earnings.

Look across the water and see what has happened to England. I notice that my friends on my left say, "Once you get rid of the Liberal government and bring in a Socialist government, everything will be fine." I suggest they read the newspapers. The Socialist experiment in England is a dismal farce, the reason being, as our Prime Minister (Mr. Trudeau) well knows, that communism and socialism—and they are one and the same—or extreme applications of such social theories just will not work.

In case anyone says, "listen to that red baiter," let me say that in his own writings the Prime Minister points out clearly that in his opinion communism or socialism will not go down in human history. He thinks there must be some modification of these theories. No doubt he is thinking of his own political theories. Knowing that socialism would not work, he joined the Liberal party in order to gain political power to further his own version of socialism. It will not work. No part of any socialist theory will work in practice. On February 8, 1933 Mr. Woodsworth, the spiritual father of socialism in Canada, said that there is no difference between communism and socialism in the end. The difference lies in methods the adherents of these ideologies use in attaining their ends. But the ends of communism and socialism are the same.

Mr. Knowles (Winnipeg North Centre): Who said that?

Mr. Bigg: Mr. Woodsworth said it in this house on February 8, 1933 when answering a question of a Liberal member. The Liberal member asked him what the difference is between communism and socialism and Mr. Woodsworth said that their ends are the same. Then, the question was asked, what if—

Mr. Winch: Would the hon. member permit a question? On what page of *Hansard* is this reported and what is the date?

Mr. Bigg: I will give it to the hon. member in good time.

Mr. Winch: Would the hon. member mind telling us now, while he is on the subject.

Mr. Bigg: I will give the hon. member the date. He can look at the record for himself. Please do not spoil a good speech.

Some hon. Members: Hear, hear.

Mr. Bigg: The ends of communism and socialism are the same, being a complete take-over of the economy by the state. The

socialists think ordinary people cannot look after their own affairs. I think they can. I happen to think that ordinary individuals are the ones who can look after their own affairs best. I think any taxation system that takes over 50 per cent of the incomes of citizens is inequitable. I think our three levels of government should get together and work out their priorities so that we may have a little more democracy in our tax structure. I think any citizen is entitled to spend at least 51 per cent of his income on himself.

I hasten to say that I understand the difference between social justice and socialism. I believe in medical attention being available for everybody, security for everybody, as well as many of those programs which socialists and even communists say they want for everybody. I want everybody to get a square deal. But you can only have that where individuals are free to attend to their own business. You will never have it in a police state. Police states are far too expensive to maintain. The type of police state we already have is proving far too expensive. We have too many civil servants at all levels of government. Some of them are unnecessary and many are overpaid. In many cases we see them building empires. I often wonder how many of these unnecessary and overpaid people we could get along without. You cannot blame defence expenditures for high levels of taxation. Apparently we will not need any form of defence for Canada if we are to believe members of the front bench opposite. Henceforth, we will be a peaceful people involved in peacekeeping operations. That sort of thinking will gain the support of the socialists. It seems that no one asks exactly what peacekeeping means.

You should not spend money building up a bureaucracy and at the same time marshalling forces against the individual worker. We should be taking the burden off the shoulders of the Canadian workman; he should be free. What is the good of fighting Russia or Red China if you have lost the fight at home. We should all think about this. I support the concept of individualism. We must make certain that we are the masters in our own house and that we shall remain our own masters forever more. What kind of government will permit this? As I say, if one looks at socialist England one can see that Socialism has been a dismal failure. It is not their fault that they do not know where they are going. Their halls of learning are filled with Fabian socialists and fellow travellers. These people advise the government and try to run the country. Our own Prime Minister was trained in one of these Fabian institutions of learning. He knows all about Fabian socialism; he has written three books on the subject.

• (9:50 p.m.)

The Leader of the Opposition also knows something about Fabian socialism having studied at Harvard, one of the hotbeds of Fabianism. Perhaps that is why he has stuck his finger into the hole in the dike. He is trying to hold back the flood. That is what he is trying to do. The Socialists remind me of the story of the group of people arriving on a train. In the engine there is a madman who is throwing overboard all the old rules. This is similar to what the young people are doing today. Father is always wrong. Everything they learn is wrong; the new freedom, the new permissive society. Everything is wrong! They are having a great time. As the train moved along, it went through a village. The people who wanted to get off in that particular village were unable to do so. The train roared through the village. Everyone laughed. Everyone had a great time. They soon lost the smiles on their faces. The train roared through all the villages. Sooner or later everyone became frustrated as the train did not stop at any of the villages. When the train got to the end of the line the people knew they had been had. There had been no stops made because the man in the cab did not know where he was going.

That is not a funny story. It is so true to life it makes me shudder. It really worries me. I know where I am going. I am going to fight this thing as long as I have life in my body. I believe in the right of an individuals to earn a living. I believe in the responsibility of government to encourage men to train themselves. I believe in the training program brought in by our administration in order to take the young fellows off the relief roles. Such a program also gives the drop-outs a chance for a technical education so that they may have an opportunity to dig the coal out of the mines or drill for oil. Because we provide technical training and free education the young people are able to have love-ins, sit-ins, sleep-ins, cash-ins, wine-ins, bed-ins and all the other "ins" that are not possible without coal, oil, uranium, nickel and hard work.

Mr. Knowles (Winnipeg North Centre): You forgot speak-ins.

Mr. Bigg: I have sympathy for the workingmen of this country because I had been a

working man all my life until I came here. This is the hardest work I have ever done, and the government is still taking over 50 per cent of my income. This may seem a large or small amount, depending whether you look at the gross or net. I am not too happy over the fact they are taking over 50 per cent of my income. I am sure those within the sound of my voice or those who will take time to read *Hansard* or the local papers to learn of the sad words I am using tonight are also not happy about this fact. I wish it were not true, but it is sadly true. I do not like being negative. The book of Jeremiah in the Bible is not my favourite book.

I want to make a few positive suggestions tonight. The first one is, do not run around after every strange god that lifts his head, whether it be the late Mr. Carter or anyone else. No one in this country has all the knowledge. Mr. Carter, in his wonderful report on taxation, made some very glaring mistakes. He seemed to forget that all capital gains are not made by absentee landlords, gamblers and speculators. Some capital gains are made by people who are building an estate through hard work and a lifetime of savings. They work hard pulling up stumps for a homesite or piling up rocks for a fence in order to have arable land. They have a right to pass on the results of their work to their sons and widows.

As long as we have government sales teams such as the Wheat Board and the marketing boards to sell products that have been grown on small farms, students will be able to get their Ph.D's in a largely free education system. They have a right to their theories. I have read many of their theories in the last ten years and have been bored to death with most of them because they seem to give quick answers to agricultural problems. Some of these Ph.D.'s have never even milked a cow. They have almost brought agriculture in Canada to a halt. They do not realize there is more to agriculture than the so-called efficiency of a bigger and better tractor or using a bigger and better plow to rip up more land to make bigger and better farms. These people do not realize there are still people who love the land and will stay there as long as they can, regardless of what any government in Canada does to make it as tough as possible for them to stay there. All governments in the past have been guilty of mistakes along this line. I do not say it is possible to smarten up a government. Every Minister of Agriculture is a little bit wiser when he leaves the portfolio than when he entered it. I say to the Minister of Agriculture (Mr. Olson), do not sit around listening to your 40 Ph.D.'s. Once in a while get out to the farms where they are still milking cows and raising chickens. The minister should realize this is a very important way of life in Canada. God help us, if we do not have a place to go when we cannot stand the rat-race any longer. It is sometimes necessary to get back to that kind of life. Therefore, we should not close down all the family farms in Canada by following this so-called well-meaning socialism—call it communism or whatever you like—where the state has a right to tell you what to do. You can keep the state out of the bedrooms, but can you keep government officials out of your henhouses and chicken pens? I say it is time for the government to wake up.

Mr. Deputy Speaker: Order, please. It being ten o'clock it is my duty to put the questions to be debated at this time.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under Standing Order 40 deemed to have been moved.

AIR CANADA—WINNIPEG—TRANSFER OF BASE TO NORTHWEST INDUSTRIES LIMITED

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, it was my hope the new Minister of Transport (Mr. Jamieson) would be here to-night to answer my question. I am hoping that by saying that I will get a nod as to who is going to answer it. I am not getting any nods at all. Perhaps if I wait half a minute someone might come in.

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): I will take it for him.

Mr. Knowles (Winnipeg North Centre): The genial Minister of Indian Affairs and Northern Development (Mr. Chrétien), and other affairs, has offered to deal with the matter.

On Wednesday, April 23, as recorded at page 7864 of *Hansard*, I put a question to the hon. member for Trinity (Mr. Hellyer), who was then Minister of Transport. My question had to do with the conditions facing employees of Air Canada following the transfer of the Air Canada base at Winnipeg to Northwest Industries Limited. In particular, I asked what steps the government was taking to make sure the employees affected

by this move would not be either unemployed or forced to take work at lower wages than they had received under Air Canada? If I may interrupt myself, Mr. Speaker, I see that the Minister of Transport (Mr. Jamieson) has now arrived. I am sure he knows what I am talking about, and the Minister of Indian Affairs and Northern Development can now relax. The then minister of transport, in reply to my question, said that he had tried to get information about this matter out of Air Canada, but he reminded me that at that date a strike was in progress and therefore Air Canada was busy. I put this supplementary question to him:

• (10:00 p.m.)

Is the minister not aware that I asked what steps the government was taking? Will he not answer that question now?

The member for Trinity (Mr. Hellyer) replied that:

The government indicated that it wanted fair treatment at the time the direction was given to Air Canada in the first place.

I tried another supplementary question:

Is the minister not aware that the government not only said that it wanted fair treatment, but that it assured fair treatment in this matter? I ask what has been done to keep this commitment?

At that point Mr. Speaker said it was becoming a debate, and I said, "Ten o'clock, Mr. Speaker" I think somebody said, "Sock it to him", but that did not get on to *Hansard*.

I am glad to see the new Minister of Transport here tonight. I recognize he has come into this part of his job late in the game, but even though he has come late into the picture he knows the long story about the Air Canada base at Winnipeg and the unhappiness that has developed over it. Even on the minister's side of the house there are members like the hon. member for Winnipeg South Centre (Mr. Osler) who still are not satisfied with the fact that the base has been moved from Winnipeg to Montreal. However, this is a *fait accompli* that we have to deal with, but it does seem to me that the employees have a right to expect that the commitments made by the government will be kept.

Those commitments, as I understood them, were that there would not be any loss of wages and the employees would not lose pension rights or suffer in any way because of the transfer. But there is a great deal of uncertainty at Winnipeg over this matter. There has been no assurance from Northwest Industries that the same rates of pay will be given to these men as Air Canada has been paying them. There is also the fact that under Air Canada they came under federal labour jurisdiction, but under Northwest Industries they will come under provincial jurisdiction, and there are questions about their collective agreements, their pension plans and all the rest of it.

I have pretty well used up my seven minutes getting the picture before the minister, but I am sure he is aware of it. I am really more concerned in hearing from him than speaking about the matter in any detail tonight. What is he, as the new Minister of Transport, doing to make sure that the commitments made to these employees in relation to this transfer, commitments made by the government, not just by Air Canada, are being kept?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, first of all let me say to the hon. member for Winnipeg North Centre (Mr. Knowles) that I am fully aware of the concern he has for the workers involved in this transfer of responsibilities at Winnipeg, and secondly that I do share and sympathize with his concern in this matter. I am informed that negotiations will begin on June 10 between Air Canada and the organization concerned, which I believe is the International Association of Machinists, with regard to this whole question and the uncertainty which prevails in that area.

There is no question in my mind, nor do I believe there is in the mind of the government, that these workers who have been displaced or changed in their form of employment or in their employer, through no fault of their own, are entitled to fair and reasonable treatment, and that includes the things to which the hon. member has referred. The question now arises at to whether or not we can wait until we see the outcome of the discussions and the negotiations which will take place between Air Canada and the machinists, to determine whether or not this will result in an amicable and satisfactory settlement for all concerned.

The information that I have is that first of all there is no lack of alternative employment; that there are sufficient jobs, and that indeed the rate of growth in the area in this field is sufficient to take care of any who may wish to remain in Winnipeg, as I gather a good many of them do, to take the alternative employment that is offered. Secondly, there is a commitment, as I understand it, on the part

of Air Canada to provide employment elsewhere for those employees who may have to move. Thirdly, I have been assured by the chairman of the board of Air Canada that they are prepared to go to the maximum extent to ensure there is fair treatment for these employees. Now, I cannot give my hon. friend a dogmatic or emphatic answer at the moment as to what the outcome of the negotiations will be, but I suggest perhaps the wisest course to follow at the moment is not to anticipate there will be dissatisfaction but hope the Air Canada negotiations with the machinists will be satisfactory.

I do make this commitment. If it should develop that there is a disagreement of major proportion in this regard I, as the responsible minister in this matter, will undertake to remind Air Canada of the commitments that were made to these workers. I will ensure, to the maximum extent it is humanly possible, that in the transfer of employees from one type of work to another there is a minimum of dislocation and that their basic rights, if that is the appropriate term, are protected. In summary, I think I should say it is my inclination at the moment—perhaps my hon. friend feels I ought to go further—to let the negotiations proceed to see how they come out. If they come out satisfactorily then of course there is no further problem. On the other hand, if it does develop there are difficulties, I assure my hon. friend I am prepared to intercede in the manner I have outlined.

Mr. Knowles (Winnipeg North Centre): Very good.

SOCIAL SECURITY—DISCUSSION WITH QUEBEC GOVERNMENT RESPECTING MEASURE

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, on May 26 I asked the Minister of National Health and Welfare (Mr. Munro) whether the new welfare program introduced recently in the Quebec legislature as Bill C-26 would qualify for federal financial assistance under the Canada Assistance Plan. I asked this question because, as a Quebecker, I am anxious to see the Canada Assistance Plan implemented in Quebec.

When this house passed the Canada Assistance Plan on July 15, 1966 I was extremely enthusiastic for it. It had been a principal plank in the Liberal party platform in the federal election of 1965 and contained many progressive measures to reform our welfare legislation. As a matter of fact, it contained many recommendations that had been put forward over a number of years by the Canadian Welfare Council.

As hon. members of this house will recall, among other things, the Canada Assistance Plan provided that the many welfare programs we had in Canada would be replaced by one comprehensive program. It also provided we would do away with the means test and replace it by a needs test. In addition, it provided there would be certain appeal provisions for those people turned down in their application for welfare assistance. On the whole it was to bring about a much broader, more comprehensive and co-ordinated welfare program in Canada.

I stated that this program, the Canada Assistance Plan, was adopted by this house in 1966. That was approximately three years ago. To my knowledge only two provinces to this date have opted into the program. These two provinces are Saskatchewan and Alberta. When I read that the province of Quebec had brought forward a new program in the form of Bill C-26 I was quite delighted; but of course I regret the habit of many provinces which participate in federal programs of tending to take full credit for the programs once they put them into effect by giving the people of the province the impression that these programs are fully provincial.

I should like to know from the minister whether Bill C-26 will comply with the provisions and standards of the Canada Assistance Plan and whether the federal government would be contributing money to the implementation of this plan. Many of us who are members of parliament know the urgent need for the provinces to opt into the Canada Assistance Plan. We have many examples of persons who are presently unjustly treated by welfare agencies in different provinces, and the quicker this program is introduced the better off they will be.

I would appreciate it if the parliamentary secretary who is appearing for the Minister of National Health and Welfare (Mr. Munro) would tell me, and the people of Quebec, whether Bill C-26 does come under the Canada Assistance Plan and, if so, what parts are involved and to what extent?

• (10:10 p.m.)

[*Translation*]

Mr. Rosaire Gendron (Parliamentary Secretary to the Minister of National Health and Welfare): Mr. Speaker, I congratulate the hon. member for Notre-Dame-de-Grâce (Mr. Allmand) for his generous concern towards

this group of people who need most the government's attention to solve their problems.

In reply to his questions, I will say that welfare Bill C-26 is in accordance with the Canada Assistance Act of 1966. I will add that it is in conformity not only with this act but also with the philosophy and ideology of the present Minister of National Health and Welfare (Mr. Munro).

We pay 50 per cent of the cost of those social measures. As it may be recalled, it is one of the suggestions we put forward when this legislation was under consideration. The Boucher Commission made the same proposal in 1963. We believe that we have here a most progressive legislation which some provinces have already adopted, as mentioned by the hon. member, and we invite all other hon. members to join in.

[*English*]

NATIONAL PARKS—BONNE BAY, NEWFOUNDLAND, LEASING ARRANGEMENT

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I should like to apologize to the minister for keeping him so late because I know how busy he is.

For the past four or five years, the federal government in co-operation with the province of Newfoundland has spent thousands of dollars in research to design a program to expand the development of the Newfoundland economy. Now, we find that we are no further ahead because the program presented to the federal government by the province was considered to be totally inadequate. After years of research and study, and a waste of immense sums of money, we are back where we started because of a lack of planning. This is particularly true in the case of the west coast of Newfoundland where, in spite of the existence of an area with development potential unequalled anywhere in Canada, both levels of government have failed to see the forest for the trees.

This brings me to the point of my grievance, the question of the Bonne Bay park in west Newfoundland. Since coming to this house last year I have done everything in my power to convince the government of the impact on the economy of western Newfoundland, of the creation of a national park in that area. Let me point out a few of the evident advantages the Bonne Bay area has for a national park. I am sure the minister is well aware of them. The Bonne Bay area has possibly the greatest scenery in Canada. It could become the Banff of the east. The existence of Newfoundland caribou, the Arctic hare and the Newfoundland race of marten are rare species that can be found in no other national park, certainly in North America. This area also includes raised beaches and sea terraces presenting some of the most interesting geographical aspects in the whole province.

Bonne Bay is sitting on the edge of half North America's population and our resources and assets are clean air, water, trees, and scenery. This area has been seized upon by the far seeing people in North America as a site for a national park. The royal commission on the economic state and prospects of Newfoundland calculates an out of province market of some 62 million people, who are looking for tourist and recreational opportunities which are readily available in Newfoundland, are present each year within a 1,200 mile radius of Port-Aux-Basques.

Further statistics show that every visitor to a national park spends between $25 and $45. One does not have to be too optimistic or too laden with brains to realize that if we attracted even 2 per cent of these potential tourists it would mean over $25 million to the economy of the west coast of Newfoundland alone per year. The creation of a national park in Bonne Bay is tailor made to kick off a development program for Newfoundland. The ancillary projects that would tie in with such a plan would return the investment 100 fold. Anyone can see that the creation of a national park would have the effect of creating a tourist centre outside the immediate area and would necessitate the development of tourist hotels and motels, service stations, gift shops, restaurants as well as golf courses, boating marinas, sports shops, and would lead to the employment of many hundreds of the citizens in the area who today cannot find jobs.

The royal commission further asserts and recommends that the proposed park in western Newfoundland should be pushed ahead with all speed. But for some reason or other there exists some masterminds who have deterred progress by introducing camouflaged reasoning that the establishment of a silica mine would be of better value to the economy of the area than the park itself. Yet, the government's policy on establishing national parks clearly states that the main activities that are detrimental to natural history values and should not—I repeat, should not—be permitted in a national park are; (1) the mining or harvesting of the resources of the land or water for the primary purpose of commercial gain, and (2) anything that causes pollution of

the air, soil or water. I hope we have now overcome this unproductive thinking which has been an impediment to the establishment of the park.

On March 11, as reported at page 6458 of *Hansard*, I was told by the minister in this house that the federal government had reached an agreement with the Premier of Newfoundland and that they would go ahead with the establishment of a park at Bonne Bay. Here we are, Mr. Speaker, three months later and there is no agreement. With the new Department of Regional Expansion working in co-operation with the Department of Indian Affairs and Northern Development we have the machinery to transform an underdeveloped area, a high unemployment area, a have-not area into one of the most prosperous areas of Newfoundland, if not the country; one that would have far reaching effects to further the economic expansion of the economy of western Newfoundland.

The Deputy Minister of Regional Economic Expansion has said this:

> What we have to do is to find the key points of strength which, in that particular region, can be used to get a different process started, to stimulate the kinds of growth that will in turn set other growth factors to work. We have to get an interaction of forces for movement instead of stagnation.

I ask the minister through you, Mr. Speaker, what are we waiting for? Who is the culprit that is stultifying progress? The citizens of western Newfoundland have formed themselves into responsible bodies who want to get involved for the good of the province. Every last citizen in western Newfoundland realizes the value of creating a national park in Bonne Bay. I know the federal government and the minister want to go ahead with the development. Can the minister disclose, sincerely and objectively, how we can finally muster enough gumption to remove the obstacles which are so obvious, and get on with the job for the good of Newfoundland and Canada. I implore him to do so.

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I would like to thank the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall) for his presentation. I must tell him that in the summer of 1965 the federal government and the government of the province of Newfoundland started a study in co-operation in order to establish a second national park in Newfoundland. Since that time we have proceeded with the study of the land.

I admit that it is going to be a great national park. I have not yet visited the area, although I hope to visit it soon but I have seen a great many pictures of Bonne Bay and agree with the hon. member that it is some of the nicest scenery that we have in Canada. It is probably one of the best scenic locations that we have in eastern Canada. It is going to be a good match for the national park at Forillon.

As far as the problem of the possibility of mining in the park is concerned, this is one of the objections we had to cope with in December, 1968, when the Minister of Energy, Mines and Resources advised us that there was a potential mine there. After that, I was in touch with the Premier of Newfoundland and we reached an agreement that will permit my department to keep on with the work they started last year. This summer the people of my department will carry on the work on the ground in order to make more progress in respect of this project of a second national park in Newfoundland.

• (10:20 p.m.)

I am quite optimistic that within a few years we will have a second national park in Newfoundland. Every Canadian who will have the occasion to visit Newfoundland will find that the federal government has always been at the forefront in the development of tourism and has put the best features of Newfoundland in evidence by establishing some good national parks in that province.

Motion agreed to and the house adjourned at 10.25 p.m.

HOUSE OF COMMONS

Tuesday, June 3, 1969

The house met at 2 p.m.

PRIVILEGE

MR. SALTSMAN—REQUEST THAT POLITICAL PARTY REPRESENTATIVES ATTEND AT ADVANCE BUDGET BRIEFINGS

Mr. Max Saltsman (Waterloo): Mr. Speaker, I rise on a question of privilege related to the rights and responsibilities of members of this house which are being usurped by a practice existing for many years between the government and the news media people on budget night.

Prior to the budget being presented at eight o'clock this evening by the Minister of Finance (Mr. Benson) there will be a secret and confidential briefing to the press people on the budget statement and proposals. Mr. Speaker, I should say that there is no question of a breach of information or any leaks taking place during this period between six and eight o'clock, since the members of the press are locked in and are not released until the minister commences his statement in the house at eight o'clock.

Last October a request was made to the office of the Minister of Finance regarding the participation of a representative of this party in the budget briefing. This request was turned down due to time considerations and other factors related to precedent. It was stated that this matter would be reconsidered, with possible participation in such press briefings by representatives of each of the opposition parties for the next budget.

We have again made this request and again it has been refused. It is for this reason that I raise this matter now for your consideration. Because of the time element involved, because of the necessity for spokesmen of the opposition parties to comment on the budget I think it is important that we be accorded the same information, the same privileges as the press, through an appointed representative at the briefing. I am prepared to move a motion, Mr. Speaker, if you accept this question of privilege.

Mr. Speaker: The hon. member for Waterloo (Mr. Saltsman) according to requirements of the Standing Orders gave notice to the Chair of his proposed question of privilege. This has given the Chair an opportunity to review the situation and consider whether there is a prima facie case of privilege.

The hon. member claims that the decision of the Minister of Finance (Mr. Benson) to deny party representatives access to advance budgetary briefings is a breach of parliamentary privilege. As hon. members are aware it is a long established practice that budgetary information is made available to the press some hours before the same information is made available to the house. That is always done, I understand, under the terms of the strictest secrecy.

The suggestion of the hon. member for Waterloo is that if such advance information is available to the press, party officials and other individuals representing members of parliament are entitled to the same advantage. The objection taken by the hon. member to past procedure as it has existed is, of course, of great interest.

There are really two aspects to the problem. The first is whether there should be advance information at all, even to the press; then if that practice is accepted, and continued as it has been in the past, whether this advance budgetary information should be limited to a specific group.

The first aspect of the problem has been raised on a number of occasions, particularly in January, 1961, when Mr. Speaker Michener was called upon to make a ruling on a similar question. The Speaker then said:

> I do not find a prima facie right on the part of the house to insist that the government, when it tables the full information shall not give a summary of it to the press—

I would be inclined to come to the same conclusion in the present circumstances.

While it may well be that the whole practice should be reviewed by the executive or by members, I doubt very much if the way to have or conduct such a review is by way of a specific question of privilege of the type raised by the hon. member for Waterloo.

• (2:10 p.m.)

In the circumstances my suggestion is that the matter be given some thought perhaps for

future consideration when budgets are presented, and that a determination be made by the executive concerning whether there should be advance briefing at all in such circumstances. For the time being, however, I suggest to hon. members that there is no prima facie case of privilege and that the motion should not be put to the house at this time.

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, if I might rise on a question of privilege, since my name as Minister of Finance was mentioned in this particular question of privilege, I should like to indicate to all members of the house that the whole matter of budgetary secrecy is one which has deeply concerned me for some time in that changes in taxation affect so many people and so few people know about them in advance. I should like to assure members of the house that this matter is being given careful consideration by the government.

ROUTINE PROCEEDINGS

COMMITTEES OF THE HOUSE

Fifth report of the Standing Committee on Broadcasting, Films and Assistance to the Arts—Mr. Reid.

[*Translation*]

Twenty-first report of the Standing Committee on Finance, Trade and Economic Affairs—Mr. Clermont (Gatineau).

[*Editor's note: The text of the foregoing reports appears in today's Votes and Proceedings.*]

[*English*]

JUSTICE AND LEGAL AFFAIRS—CONCURRENCE IN FIFTH REPORT OF STANDING COMMITTEE

Mr. D. R. Tolmie (Welland) moved that the fifth report of the Standing Committee on Justice and Legal Affairs, presented to the house on Thursday, May 29, be concurred in.

Motion agreed to.

SHIPPING

ECONOMIC FEASIBILITY STUDY OF DEEP SEA MERCHANT MARINE

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I wish to announce today that the Canadian Transport Commission has selected a team of consultants to conduct an economic feasibility study of a Canadian deep sea merchant marine. Prime contractors will be Hedlin-Menzies and Associates Limited of Winnipeg, Vancouver and Toronto. Technical support will be provided by Gibson Transportation Limited of Vancouver and Montreal, and George G. Sharp Incorporated, New York. Proposals had been received from many consulting firms in Canada and elsewhere for carrying out all or parts of the study. The main purpose of this study is to explore the range of possibilities for privately owned Canadian flag shipping in the years ahead, and to assess the cost and benefits attached to different possibilities.

In carrying out this assignment, the consultants will investigate such matters as: The prospective volume and content of Canadian trade to be handled by ocean shipping; the cost differentials and other factors inhibiting the carriage of that trade in Canadian flag ships; the most promising areas for the development of Canadian flag shipping; the context of international shipping in which Canadian ships would have to compete; policies of other nations in encouraging their own shipping; and the costs and benefits of various practicable courses of action to encourage Canadian flag shipping. Work on the project is to start immediately and is expected to take about 12 months.

The question has arisen as to the inclusion in the study of the feasibility of building ships in Canada for a deep sea fleet. In answer to this question I would point out that the purpose of the study is to investigate the potential for privately owned Canadian shipping. It is, if you like, a market study for Canadian flag shipping, and as in any business it is prudent to begin by making a thorough examination of the market that may exist for any prospective production.

This study is therefore a necessary preliminary to any study of the feasibility of building deep sea ships in Canada. Unless it can be shown first that a potential exists for a Canadian flag deep sea fleet, the other study would not be justified. But the terms of the study do not foreclose in any way the possibilities of building ships in Canada if the feasibility of a deep sea fleet is demonstrated.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I am sure all members of the house will welcome the minister's announcement. It would seem to be another straw in the wind, and if nothing else a hope for more in the future in the way of some tangible result from the

work already done by the Standing Committee on Transport and Communications of this house, because this was a matter in respect of which a considerable amount of evidence was heard when the committee recently visited the Atlantic provinces.

I am very glad indeed that the minister has decided to have this study undertaken, because not only is this of interest to those in the Atlantic provinces but also to others, since the question of a merchant marine for Canada is of great importance to people in parts of Canada other than the maritime provinces, and of course those engaged in shipbuilding. It is of great importance indeed.

I am very glad to see that some concrete steps are being taken to ascertain whether it is economically feasible for us to have a merchant marine. Consequent upon this decision, and equally as important, is the question as to whether we can build the ships ourselves.

I am sure everyone welcomes this announcement by the minister, and trust the study will not take too long. I hope it will not take longer than 12 months, because everyone would like to see immediate action in this regard.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I should like to congratulate the Minister of Transport (Mr. Jamieson) upon initiating a study into the economic feasibility of a Canadian deep sea fleet. At the end of the war we had one of the finest merchant fleets in the world, but gradually we have allowed it to be eroded. Many of the ships that were sailing under the Canadian flag were allowed to transfer their registry to other places, particularly Panama.

Even the payment of subsidies for shipbuilding has not solved this problem. Only the other day when an hon. member raised the matter in the house of the *Cape Breton Miner*, which was built with government subsidy under an agreement requiring that for five years it must stay under Canadian registry, it was discovered that almost to the day five years later it was transferred to another registry.

At the present time Canadians are paying in the neighbourhood of $500 million per year to other countries to transport our goods to the markets of the world. We have a tremendous potential here; we have all the raw material necessary to build ships, and we have people on both coasts who are familiar with sailing ships. A deep sea fleet for Canada would provide employment not only for those who build ships and make the materials that go into them, but also for those who sail the ships.

Therefore I only regret that such a study was not commenced many years ago. I congratulate the minister on initiating this now and I hope that if the report which he receives is favourable, the government will proceed to do something about this very serious lack in the Canadian economy.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, we have listened attentively and with pleasure to the minister's announcement that a study will be made into the economic feasibility and the practicability of a merchant marine for Canada.

Unfortunately, it is only when it is already too late that the government takes action and assumes its responsibilities. It is quite late, I think, to establish a task force. It is only after Canadian Vickers in Montreal and the Lauzon shipyards have closed down that it is decided to study the practicability of a merchant marine.

Mr. Speaker, the question of Canada having a merchant marine has been discussed since 1896. The successive governments have all failed to carry out their responsibilities in this matter.

Today, the minister tells us the commission will make a twelve-month study after which we will be told that operation costs are higher in Canada than in Japan or the United States. Our situation will be exactly the same. We do not need studies as much as action. If the government took its responsibilities and told us that in twelve months a merchant marine will be established, we would get results instead of worthless studies.

Mr. Speaker, it is a very good thing to appoint task forces composed of sociologists, economists, ministers and anyone you like, but it does not help the creation of a merchant marine in Canada and this is what is required right now, to help the workers of Canadian shipyards.

• (2:20 p.m.)

[*English*]

ESTATE TAX ACT

TABLING OF SUMMARY OF INTERPRETATIONS BY OFFICIALS

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, a few days ago the hon. member for Edmonton West (Mr. Lambert) asked me to table a summary of interpretations and undertakings concerning certain provisions of

the Estate Tax Act which were made by the officials of the Department of National Revenue, the Department of Finance and myself to a committee of the other place. I would like to table these in English and in French.

ORAL QUESTION PERIOD

NATIONAL DEFENCE

NATO—OBJECTIONS TO CANADIAN PROPOSALS AT BRUSSELS CONFERENCE TO REDUCE FORCE IN EUROPE

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I would like to direct a question to the Minister of National Defence. Yesterday he indicated to the house that the objections taken to his statement at Brussels related not to the policy itself nor to right of Canada to make its own decisions in this regard. I ask the minister whether he intended to indicate to the house that in fact no objections were taken to the substance of his proposals at Brussels.

Hon. Léo Cadieux (Minister of National Defence): I do not think I ever intended to indicate that, Mr. Speaker. As a matter of fact, I believe I gave a precise answer in which I indicated that the principal objection was to our not conforming exactly to the procedures of consultation.

Mr. Stanfield: A supplementary question, Mr. Speaker. Does the minister mean to indicate to the house that in fact objections were not taken to his proposal that Canada's contribution to NATO would be reduced?

Mr. Cadieux (Labelle): I never indicated that, Mr. Speaker. It was not my intention at least to indicate that. What I meant to convey was that as long as the negotiations had to start from a base, obviously whatever serves as a base is not considered by the other people with whom we negotiate as a proposal but as a basis of discussion. Therefore we have now to go through the complete process of consultation before we arrive at a solution.

Mr. Stanfield: A further supplementary question, Mr. Speaker. Did the Minister of National Defence in fact indicate at Brussels the approximate reduction in forces that he was proposing on behalf of Canada?

Mr. Cadieux (Labelle): Yes, Mr. Speaker, I did indicate in some general terms what the implication was if the plan as presented was proceeded with.

[Mr. Benson.]

Mr. Stanfield: One final supplementary question, Mr. Speaker. Is there any reason why the minister will not disclose to the house the proposal that he made at Brussels?

Mr. Cadieux (Labelle): I think I did indicate yesterday that the main reason was that this was nothing firm; that it was a basis for discussion, comment and an exchange of views. I also indicated that I might have either overestimated or underestimated the numbers, or the figures, that were possibly quoted. We approached our allies with a concept which is to a degree, we think, something new, and therefore before the whole plan itself is really spelled out I do not think it is in the interests of either the forces or the Canadian public to give a figure which may prove to be very inaccurate.

Mr. Stanfield: I have a supplementary question, Mr. Speaker. I do not want to be unfair to the minister, but am I right in concluding from what he said that he made a quite specific proposal regarding the strength of our forces in Europe and that he now refuses to disclose this proposal to the house?

Mr. Cadieux (Labelle): I think this is an unfair interpretation. I am trying to indicate the difficulties with which we were faced in the committee. I could not indicate with certainty what the figure would be. I did indicate what was involved in our estimation. This of course will have to be further discussed. I will have to have the reactions of the other members of the military committee, and an exchange of arguments and ideas will have to ensue before we arrive at a definite figure.

FINANCE

TAKEOVER BY U.S. OF ROYAL SECURITIES CORPORATION—STEPS TO PREVENT REPETITION

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I should like to direct a question to the Minister of Finance. In view of the concern which he and the Prime Minister have expressed with regard to the takeover of Canadian financial institutions such as Royal Securities, and the effects which this may have upon Canada, will the minister be prepared before the recess to outline to the house what steps the government intends to take to prevent further takeovers of financial institutions in Canada by foreign corporations?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I have already indicated that I

would be making a statement to the house in regard to this matter, and I intend to do that before the recess.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I have a supplementary question, Mr. Speaker. In view of the fact that the Porter Commission suggested that these financial institutions be declared near-banks, and that the Bank Act be amended to bring them within the purview of the federal government, is the minister giving any consideration to introducing such legislation in the house?

Mr. Benson: I do not think the Porter Commission referred to the kind of institution that was involved in the takeover we are discussing.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to put a question to the right honourable—

Mr. Speaker: Order. I think that the hon. member for Broadview wishes to ask a supplementary question.

[*English*]

Mr. John Gilbert (Broadview): I have a supplementary question for the Minister of Finance. Before making a statement to the house with regard to foreign ownership, would he seriously take into consideration the suggestion by Walter Gordon of the 30 per cent takeover tax on foreign companies?

Mr. Benson: No, Mr. Speaker.

Mr. Speaker: Order, please.

[*Translation*]

REGIONAL DEVELOPMENT

INDUSTRIAL INCENTIVES BILL—REQUEST FOR CONSIDERATION BEFORE SUMMER RECESS

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to put a question to the Prime Minister.

Does he pretend that the bill to promote regional economic expansion will be introduced in the house before the summer recess?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it is not a pretension. The bill has already been read for the first time, but what we hope to obtain is the co-operation of the parties opposite to pass the motions for second and third reading.

Mr. Caouette: I should like to put a supplementary question.

Is the Prime Minister also ready to co-operate with the opposition, so that this legislation may be considered as soon as possible?

Mr. Trudeau: Mr. Speaker, we are always ready to co-operate. I think rather that it is the Ralliement créditiste which made the house waste whole weeks not long ago.

Mr. Caouette: Another supplementary question, Mr. Speaker.

Does the Prime Minister claim that there is some danger that the bill might be aborted between now and the adjournment?

Mr. Trudeau: I think that it is the hon. member's ideas that are aborted.

Mr. Speaker: Order.

[*English*]

POLLUTION

POSSIBILITY OF ESTABLISHING COUNCIL TO PARALLEL THAT IN U.S.

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I would like to direct a question to the Prime Minister. Is it his intention to head an anti-pollution council in Canada, similar to the environmental quality council in the United States which will be headed by President Nixon himself and on which will serve his principal cabinet officers? This is a good indication of the tremendous importance which the President of the United States and his cabinet place on dealing with pollution by practical and immediate anti-pollution methods.

Right Hon. P. E. Trudeau (Prime Minister): That is a very interesting suggestion which I shall consider.

WATER RESOURCES

STEPS TO PREVENT POLLUTION OF BOW RIVER

Mr. Eldon M. Woolliams (Calgary North): I have a question for the Minister of Indian Affairs and Northern Development. In view of what the Prime Minister said, that it is a most interesting suggestion, would the minister now confirm that in the national parks they have stopped pouring raw sewage into the Bow River along which there have been signs warning people against the water.

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I answered this question a number of times a few months ago, and my department is looking after this problem.

[*English*]

NATIONAL DEFENCE

NATO—LOCATION OF AIR TRANSPORTABLE COMBAT GROUP—MEDITERRANEAN FORCE

Hon. J. A. MacLean (Malpeque): I would like to address a question to the Minister of National Defence for the purpose of clarification. Yesterday when in his statement on motions he referred to an air transportable combat group, was he referring to a tactical air transportable group which would be stationed in Europe or did he imply a strategic air transportable group, part or all of which might be stationed in Canada?

Hon. Léo Cadieux (Minister of National Defence): No, the plan I had in mind was the combat group stationed in Europe, with Ace Mobile Force, as a matter of fact.

Mr. MacLean: Would the minister tell us whether Canada was asked to contribute to the multi-national NATO force being set up by NATO in the Mediterranean and, if so, what decision if any has been reached by the government?

Mr. Cadieux (Labelle): No, we were not asked to contribute to what is known as the on-call force in the Mediterranean. This was one of the subjects raised at the last meeting, not this particular one. The question which arose last Wednesday was concerned with the political control over the decisions to use that force, but Canada is not participating in the operation.

POST OFFICE DEPARTMENT

BURNABY, B.C.—WORK LOAD FOLLOWING SATURDAY DELIVERY CANCELLATION

Mr. Heath Macquarrie (Hillsborough): I wish to direct a question to the Postmaster General arising from news of yet another spontaneous strike on the part of postal workers, this time in Burnaby, British Columbia. Will the minister say what reply he is making to these workers, who are fed up with the flood of mail which has engulfed them every Monday morning since Saturday delivery was cancelled?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): Our officers in Vancouver are discussing the matter with the discontented postmen. It is not a general condition. I do not know what their particular objections are, but we are in the process of finding out.

[Mr. Chrétien.]

Mr. Macquarrie: Will the minister say whether the statement made by the Deputy Postmaster General as reported in the C.B.C. news, that the post office is considering abolishing home delivery, is to be taken as the Postmaster General's method of reducing the burdens of the postmen?

Mr. Speaker: Order, please. The hon. member for Winnipeg North Centre.

Mr. Stanley Knowles (Winnipeg North Centre): That was my question, Mr. Speaker. I was astounded, too.

Mr. Speaker: The hon. member for Wellington.

Mr. Hees: I have a question, Mr. Speaker—

Mr. Hales: I have the floor, George.

Some hon. Members: Oh, oh.

Mr. Hees: Always willing to give way to a sensible Conservative.

Mr. A. D. Hales (Wellington): My supplementary question is directed to the Postmaster General. In order to ensure that Canadians receive a good mail service, is the hon. gentleman considering a return to the six-day delivery system?

Mr. Kierans: We are not considering returning to six-day delivery, and I wish to deny that the Deputy Postmaster General made any such statement about home delivery in Toronto yesterday. The question was raised: Is the department considering abolishing home delivery? And the deputy minister said, no.

Hon. George Hees (Prince Edward-Hastings): My supplementary is directed to the Postmaster General, Mr. Speaker. Since a letter sent from the House of Commons post office on May 22 arrived in Campbellford, Ontario, 160 miles away, six days later on May 28, travelling a little more than one mile an hour—

Mr. Speaker: Order. The hon. member has already made his point. I do not think that was a supplementary question.

Mr. Hees: My supplementary is approaching, Mr. Speaker.

Mr. Speaker: Order. I hope it will come faster than at one mile an hour.

Some hon. Members: Oh, oh.

Mr. Hees: I will rev it up a little. Would the Postmaster General set aside work on his space age projects until postal deliveries can at least be brought up to the pace maintained by stage coaches and the pony express of a hundred years ago?

Some hon. Members: Oh, oh.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the Postmaster General a supplementary question, in light of the denial he made a few moments ago? Is the Post Office Department considering any reduction in the service the department now makes available to the Canadian people?

Mr. Kierans: The underlying philosophy of the Post Office is to examine the cost of all services and then to determine, in consultation with the people to whom we supply those services, whether the services are worth the cost, or the taxes. Accordingly we are making an examination of all our present services and will make an appropriate recommendation when the time comes. I wish to say this, however: We do not envisage there will be any reason for any person who presently works in the Post Office and who wishes to make the Post Office his career, to feel any loss of security.

Mr. Knowles (Winnipeg North Centre): In view of the fact that delivery service was reduced from six days to five days without consultation with the people of Canada, is there to be a further reduction without consultation?

Mr. Donald MacInnis (Cape Breton-East Richmond): A supplementary question to the Postmaster General in relation to his remark about studying costs. I would ask the minister whether this would include the cost of the concessions granted to *Time* magazine. Or is the government still scared?

Mr. Kierans: We are reviewing the concessions presently granted to all newspapers and magazines. There is no particular concession granted to *Time* magazine or to *Reader's Digest*.

Some hon. Members: Oh, oh.

Mr. Bell: You will be man of the year for that.

Mr. Barry Mather (Surrey): Is it true, as has been reported, that the Postmaster General is trying to get the Post Office out of the mail delivery service?

RESEARCH

AUSTERITY MEASURES IN ANIMALS PROGRAM

Mr. P. B. Rynard (Simcoe North): My question is directed to the Minister of Agriculture, Mr. Speaker. I wonder whether he is now ready to answer this question which was first asked two months ago, or more. Has Canada's reputation been seriously hurt and jeopardized in the field of animal research, and has the health of scientists engaged in this field been endangered by austerity measures? If so, what corrective steps are being taken?

Mr. Speaker: Order. It seems to me the hon. member is asking the minister to express an opinion. I have the impression that he is asking for a statement of policy which would normally not be made at this time.

Mr. Rynard: When I asked this question first, Mr. Speaker, Your Honour suggested that a statement could be made on motions. I asked that this be done, but it has not been done.

Hon. H. A. Olson (Minister of Agriculture): I have a brief reply here, Mr. Speaker, which I have carried with me since March 20 when the question was first asked—I think it was also asked on April 23. Very shortly, the reply is that Canada's reputation has not been hurt.

SHIPPING

SALVAGE OF TUG "EMERALD STRAITS"—REQUEST FOR TERMS OF REFERENCE

Mr. Harold E. Winch (Vancouver East): May I direct a question to the Minister of Transport, Mr. Speaker? Would the minister be good enough to advise the house of the terms of reference to His Honour Judge John C. Stewart, appointed to preside over a court of formal investigation into the circumstances which led to the sinking of the tug *Emerald Straits*? Will he further tell the house whether the terms of reference include authority to report on the physical structure of this type of vessel in view of the fact that 27 men have lost their lives in similar tugs—

Mr. Speaker: Order. The hon. member has asked the minister to indicate the terms of reference, and in those circumstances I think he is asking a question which should be placed on the order paper.

Mr. Winch: The investigation has already begun, Mr. Speaker, yet we do not know what the terms of reference are.

Inquiries of the Ministry

CANADIAN CONFEDERATION

COMMUNICATION BETWEEN OTTAWA AND QUEBEC RESPECTING REFERENDUM

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I have a question for the Prime Minister.

Yesterday, the Prime Minister was asked about the constitutionality of a referendum to be held in the province of Quebec, following a promise by Premier Jean-Jacques Bertrand, in connection with separatism.

Has the premier of the province of Quebec communicated with the Prime Minister of Canada concerning the holding of a referendum in the province of Quebec in order to clearly define the positions?

Right Hon. P. E. Trudeau (Prime Minister): Not formally, Mr. Speaker. I seem to recall that the matter has been raised before by the premier of the province of Quebec, but not in an official capacity.

[*English*]

SHIPBUILDING

COLLINGWOOD, ONT.—PLANS TO RETAIN EMPLOYMENT OPPORTUNITIES

Mr. P. V. Noble (Grey-Simcoe): I should like to direct this question to the Minister of Transport. Did the minister receive a resolution directed to the Prime Minister by the Collingwood town council expressing anxiety and alarm with respect to the situation in the shipbuilding industry in which 900 residents of that town are employed? Does the minister share this concern, and does he have any plans or proposals which would protect the jobs of these people?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, in reply to the second part of the question I think I indicated some measure of my concern in the announcement made earlier today. As for the submission, I believe it was directed to the minister of industry.

TRANSPORT

SUSPENSION OF SERVICE BY QUEBEC NORTH SHORE AND LABRADOR RAILWAY

Mr. Ambrose Hubert Peddle (Grand Falls-White Bay-Labrador): Mr. Speaker, my question is to the Minister of Transport. Is the minister aware of the serious situation prevailing in the towns of Labrador City and Wabush, Newfoundland, in that due to a strike in the province of Quebec the operation of the Quebec North Shore and Labrador Railway has been suspended, thus cutting off the only means, apart from air, of bringing in vital supplies?

Mr. Speaker: Order. I think this is a question that might be considered at the time of adjournment. But if it is a matter that the hon. member feels should be answered immediately rather than at the time of adjournment, I would allow the minister to reply to the question.

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, my reply is to the effect that I received a petition this morning from, I believe it was, the chamber of commerce of that community. An investigation is now under way to determine what the needs are and whether they are as widespread as stated, as well as what alternate means of providing transportation can be found.

Mr. Peddle: A supplementary question, Mr. Speaker. Will the minister consider the decision of the Labrador West chamber of commerce that the minister or his representative go into the area to assess the situation at first hand.

Mr. Jamieson: Mr. Speaker, if that appeared to be the wisest course, yes.

LABOUR RELATIONS

LABRADOR—ACTION TAKEN TO ASSESS CRISIS

Mr. John Lundrigan (Gander-Twillingate): A supplementary question, Mr. Speaker. May I ask the Acting Minister of Labour what action is being taken by his department to assess the labour crisis which is facing Labrador as the result of a related strike.

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Mr. Speaker, I will be happy to take this question as notice for the Minister of Labour, but I think these employees are under provincial jurisdiction.

[*Translation*]

VETERANS AFFAIRS

WOODS REPORT—REQUEST FOR PRESENTATION

Mr. Gérald Laniel (Beauharnois): Mr. Speaker, I have a question for the Minister of Veterans Affairs.

Since we are approaching the date of adjournment, June 27, and the house will

have to recess for the summer months, could the minister inform the house if there are any new developments regarding the publication of his White Paper dealing with the Woods committee report on pension administration?

Hon. Jean-Eudes Dubé (Minister of Veterans Affairs): Mr. Speaker, I still hope to table this White Paper as soon as possible.

Mr. Laniel: Mr. Speaker, I should like to put a supplementary question.

Could the minister tell us whether "as soon as possible" means before the summer recess?

Mr. Speaker: the hon. member is repeating the question he just asked.

[*English*]

GRAIN

WHEAT—ACTION TO ASSIST FARMERS IN WESTERN AND EASTERN CANADA

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Agriculture whether he is now in a position to inform the house, following his consultations, if the government proposes to take any specific action to be of assistance to the wheat farmers of western Canada, and if the government will be taking this action before the house adjourns.

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I wish to remind the Leader of the Opposition that the government has taken a number of steps to help in this situation. I am not in a position to announce today any additional steps in this regard.

Mr. Stanfield: A supplementary question. Is the minister expecting to be in a position shortly to announce any additional steps to be taken?

Mr. Olson: Mr. Speaker, we always hope that we will be able to do these things as quickly as possible.

Mr. G. W. Baldwin (Peace River): A further supplementary question, Mr. Speaker. Can the minister advise me, following the representations I made in the form of a question last week, whether he will now look very seriously at the situation in northern Alberta and parts of northern Saskatchewan, where the debt position of farmers is having alarming consequences and is resulting in a number of foreclosures and the repossession of machinery. Would the minister consider having his officials look into the situation to see what the federal government is able to do?

Mr. Olson: Mr. Speaker, I advised the hon. member for Peace River when he asked his question that within the limits of the jurisdiction of the department of Agriculture we have taken those steps. We have taken measures, not in the last few days but a long while ago, in fact months ago, to assist any person who had a loan from the Farm Credit Corporation, taking into account the circumstances surrounding his income position. I think that this is about the limit as far as the Department of Agriculture is concerned.

What is more, I think the hon. member knows that the matters raised in the other parts of his question perhaps lie within provincial jurisdiction.

Mr. Baldwin: A further supplementary. Is the minister not aware of the fact that some years ago a previous Conservative government was able to find means of jurisdiction—

Mr. Speaker: Order, please.

Mr. Baldwin: —to repair the mess created by a previous Liberal government?

Mr. John Burton (Regina East): A further supplementary question, Mr. Speaker. I should like to ask the Minister of Agriculture whether the government is giving consideration to taking emergency steps to relieve the cash position of farmers, such as through the form of acreage payments or the making of a special payment on wheat deliveries?

Mr. Olson: Mr. Speaker, this question has been asked at least a dozen times in the house and I have nothing to add to the replies I have given.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, in view of the fact that the minister is quite right when he says that the question has been asked dozens of times but has not been answered, I wonder whether he could tell the house this simple fact: Has the government decided to do nothing, or is it still going to do something, though it is not yet ready to tell the house what it is going to do?

Mr. Speaker: Order. I suggest to the hon. member that the question as asked is argumentative.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Then may I rephrase my question, Mr. Speaker. In view of the fact that for

three months the minister and his associates have been saying that this matter is under consideration, when does he think that the government will have reached a decision, and when does he think that he will be able to convey that decision to the house?

Mr. Olson: Mr. Speaker, as I pointed out a few minutes ago the government has done a number of things, not only within the last three months but indeed within the last ten months, to be helpful in this situation.

Mr. Douglas (Nanaimo-Cowichan-The Islands): What has it done?

Mr. Olson: I do not have time to list them now, but I would be happy to do so. Further to that, ministers other than the Minister of Agriculture have replied that we are considering additional helpful steps.

Mr. Baldwin: Your attitude is a positive disgrace.

Mr. Speaker: Order, please.

Mr. Hees: A supplementary question, Mr. Speaker.

Mr. Speaker: Order, please. I have to bring to the attention of hon. members that if they spend too much time asking numerous supplementaries we will have again a situation that arose in recent days, when a considerable number of members are not given the opportunity to ask questions. If, every day, we adopt two subjects and then spend 20 minutes on each one, I doubt whether we will achieve a result that is satisfactory to hon. members generally. I should like to call on the hon. member for Frontenac.

[*Translation*]

Mr. Bernard Dumont (Frontenac): Mr. Speaker, I wish to put a supplementary question to the Minister of Agriculture.

Has the minister considered also the problems of eastern farmers?

[*English*]

Mr. Speaker: Order, please.

NATIONAL DEFENCE

NATO—POLITICAL EFFECT OF REDUCED CANADIAN MILITARY PARTICIPATION

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Prime Minister. Has the right hon. gentleman received intimations from our NATO allies that Canada's withdrawal from its military obligations under NATO will reduce the effectiveness of our political participation, thereby delaying progress toward greater unity among the nations of the North Atlantic community?

Right Hon. P. E. Trudeau (Prime Minister): I have received no direct communication to that effect, Mr. Speaker. I understand that various members of NATO communicated various points of view to the Minister of National Defence when he was in Europe, but I have received no personal representations from any government.

Mr. Hees: Does the phrase "passing the buck"—

Some hon. Members: Oh, oh.

Mr. Hees: —mean nothing to the Prime Minister?

Mr. Speaker: Order, please.

Mr. Dinsdale: A supplementary question.

Mr. Speaker: Perhaps the hon. member does have a supplementary but we are returning to a question on which we have already spent 20 minutes.

Mr. Dinsdale: Is the government phasing out its political support for NATO in the same ratio as the withdrawal of its military support?

Mr. Trudeau: Of course not, Mr. Speaker.

COMBINES

CONTROL OF DEALERSHIPS BY AUTOMOBILE MANUFACTURERS

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for my congenial colleague, the Minister of Industry, Trade and Commerce. In view of the concern recently expressed by Mr. F. W. Dalglish, president of Volkswagen London Motors Ltd. about the fact that automobile producers now control 60 per cent of the auto dealerships in Toronto, would the minister appeal to his colleague the Minister of Consumer and Corporate Affairs to have the combines investigation branch investigate this situation, to see whether there has been a violation of Canadian law?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Representation has been received.

WATER RESOURCES

NANAIMO, B.C.—REMEDIAL ACTION TO PREVENT POLLUTION FROM CHEMICAL PLANT

Mr. Lloyd R. Crouse (South Shore): I wish to direct a question to the Minister of Fisheries. Have the studies of pollution in British Columbia determined the cause of death of approximately three tons of herring recently in waters adjacent to Nanaimo? What steps is the government taking to prevent further pollution in that area?

Hon. Jack Davis (Minister of Fisheries and Forestry): The answer is yes, Mr. Speaker. Remedial action has been taken in consultation with the chemical plant involved.

DOMINION-PROVINCIAL CONFERENCE

PARTICIPATION OF MUNICIPAL UNITS IN JUNE MEETING

Mr. Stan Schumacher (Palliser): My question is directed to the Prime Minister, and I would ask him if it is still his view that the question of representation of officials of municipal governments at the federal-provincial conference next week is a matter to be decided by each provincial government concerned?

Right Hon. P. E. Trudeau (Prime Minister): That is perhaps a brief summary of my views under the present constitution, Mr. Speaker. Of course the whole constitution could be debated and other opinions are welcome.

Mr. Schumacher: A supplementary question, Mr. Speaker. Has the Prime Minister given any instruction or caused any instruction to be given to any provincial government to the effect that the in-camera nature of the conference would make participation by municipal officials inappropriate?

Mr. Trudeau: No, Mr. Speaker, I did not raise this subject. I repeat again that under the present constitution we have no authority to decide how the provincial delegations will be composed, but the idea of municipal representation under a different kind of constitution, or that of different forms of participation, are ones which I think are open for debate and to which many levels of government are giving consideration, including our own.

Inquiries of the Ministry

CANADIAN NATIONAL RAILWAYS

INQUIRY INTO LAXITY IN OPERATING EFFICIENCY

Mr. John L. Skoberg (Moose Jaw): My question is directed to the Minister of Transport. In view of the recent half million dollars railway mishap on the C.N.R. near Morrisburg, caused apparently by a locked wheel, and in view of the continued practice of the railway to reduce car inspection at intermediate terminals, will the minister now give immediate attention to instituting a public inquiry?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, this is virtually the same question I answered a few days ago. There are a number of inquiries under way now which are under the auspices of the Canadian Transport Commission with regard to individual accidents. A summary of these cases, when brought together, will determine whether a public inquiry is necessary.

Mr. Skoberg: A supplementary question, Mr. Speaker. Will the Minister of Transport accept recommendations of interested parties through the C.T.C. in this regard?

Mr. Jamieson: Whether I want to accept them or not, Mr. Speaker, I am getting them.

POWER

MINAS BASIN—DISPOSITION OF FEASIBILITY STUDY

Mr. J. M. Forrestall (Dartmouth-Halifax East): My question is for the Minister of Energy, Mines and Resources. As a result of some private communication for which I am grateful, will the minister now reply to the question I asked earlier regarding the present disposition of the report on the feasibility study of development of the Minus Basin tidal power?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, the report is expected to be completed within a matter of a few months, and some time during the autumn it should be available.

FISHERIES

REQUEST FOR ANNOUNCEMENT OF STRAIGHT BASE LINES

Mr. Louis-Roland Comeau (South Western Nova): I have a question for the Minister of

Fisheries. I ask the minister whether the new boundary lines respecting Canadian waters which were supposed to be available yesterday are now available to members of this house?

Hon. Jack Davis (Minister of Fisheries and Forestry): This announcement is to be made by the Secretary of State for External Affairs and I hope it will be made this week.

ST. MARY'S BAY, N.S.—DISPUTE BETWEEN SEINERS AND WEIR FISHERMEN

Mr. Louis-Roland Comeau (South Western Nova): Has the minister received many telegrams, letters and briefs requesting the immediate closing of St. Mary's Bay, Nova Scotia and if so, what action does he plan to take?

Hon. Jack Davis (Minister of Fisheries and Forestry): I have received a number of communications to that effect, but I do not contemplate taking any action at the moment.

COMMUNICATIONS

TORONTO—DELAYS IN CABLE OFFICE

Mr. Max Saltsman (Waterloo): I wish to direct a question to the Postmaster General and ask whether he has received an appeal from the Canada News Agency concerning the long delays in the cable office in Toronto, which is seriously interfering with news stories to overseas newspapers? If the minister has received such a communication, will he tell the house what action he intends to take?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): I have not received such a communication.

SHIPPING

SALVAGE OF TUG "EMERALD STRAITS"—REQUEST FOR TABLING OF TERMS OF REFERENCE

Mr. Harold E. Winch (Vancouver East): I wish to direct a question to the Minister of Transport and ask him if he will file with the house as speedily as possible a copy of the terms of reference of Judge Stewart's report on the *Emerald Straits*?

Hon. Donald C. Jamieson (Minister of Transport): I will be very pleased to provide this if it is in my competence. I know of no reason why this should not be done.

[Mr. Comeau.]

HOUSING

REFUSAL OF CHARTERED BANKS TO GRANT INTERIM LOANS

Mr. G. W. Baldwin (Peace River): I wish to direct a question to either the Minister of Finance or the Minister without Portfolio from Port Arthur. My question is based on allegations that the housing situation in northern Alberta is being seriously eroded due to the fact chartered banks, allegedly on instructions from head office, are refusing to grant interim financing loans. Will one of these ministers volunteer to investigate to see if instructions to this effect have been given by the Bank of Canada to the chartered banks.

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I am relatively sure no such instructions have been given by the Bank of Canada. However I will make inquiries with respect to the chartered banks, to see if the allegations are correct and what action can be taken.

REQUEST FOR ANNOUNCEMENT OF URBAN RENEWAL PROGRAM

Mr. A. D. Hales (Wellington): My question is directed to the minister responsible for housing. In view of the fact the mayors and reeves of municipalities are meeting in Ottawa this week, will the minister make his announcement regarding urban renewal, so many of these men can go home with some good news?

Hon. Robert K. Andras (Minister without Portfolio): I have met many of these men in the last two days. I will be speaking to them this evening and no doubt having private audience with many of them. I think that is as far as I can go right now.

THE MINISTRY

REQUEST FOR MINISTRY OF HOUSING AND URBAN DEVELOPMENT

Mr. John Gilbert (Broadview): I wish to direct a question to the Prime Minister. In view of the fact the house gave second reading to the housing legislation which the Prime Minister introduced, and in view of the fact all hon. members of the house are very anxious to have the new minister succeed in the portfolio he now has, will the Prime Minister introduce another piece of legislation, which I am sure will have the unanimous consent of

all members, setting up a separate ministry of housing and urban development?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if we can have all the matters on the order paper dealt with sufficiently by June 27, I might give that matter consideration.

VETERANS AFFAIRS

WOODS REPORT—REQUEST FOR ACTION

Mr. Stanley Knowles (Winnipeg North Centre): May I direct a question to the Minister of Veterans Affairs? In view of the fact the former minister of transport was able to get action on housing, specifically on his own housing report, by resigning from the cabinet, will the minister consider taking the same course so that we can get action on the Woods report and other matters relating to our veterans.

Mr. Speaker: Order, please.

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate have passed the following bills to which the concurrence of this house is desired, S-37, an act to amend the Trust Companies Act and S-38, an act to amend the Loan Companies Act.

• (3:00 p.m.)

GOVERNMENT ORDERS

INCOME TAX ACT

The house resumed, from Monday, June 2, consideration of the motion of Mr. Benson that Bill C-191, to amend the Income Tax Act, be read the second time and referred to the Committee of the Whole.

Mr. F. J. Bigg (Pembina): Mr. Speaker, last night I was stopped by the clock after having made what I would consider some negative remarks concerning income tax. I very rarely speak in negative terms throughout my speeches. I outline what I think is the problem and then try to finish my remarks with suggestions as to where we go from there.

Before I continue I want to clear up one small misapprehension which may have arisen during my speech last night. I was interrupted by a member of the New Democratic

party who asked me to substantiate a statement I made that Mr. Woodsworth had said in this house on February 1, 1933, that there was no difference between communism and socialism, if one took them to their logical conclusion. Rather than bore the house and fill up the pages of *Hansard* with unnecessary verbiage I point out that Mr. Woodsworth's remarks are recorded on page 1689 of *Hansard* for February 1, 1933. Although that sounds like ancient history it is not that old. It is well worth reading because in my opinion Canada today is becoming oversocialized, and so it behooves us to look up what the—

An hon. Member: Who told you? Barry Goldwater?

Mr. Bigg: You may live to regret that remark. I will not bother identifying you because you do not have the courage to stand up on your own feet and do it yourself. I am no Barry Goldwater. I am a Canadian, born in Canada and, make no mistake about it, I am a free enterpriser. I am now 57 years of age and I shall remain a free enterpriser as long as the people of this country have faith in that system and allow me to be a free enterpriser. That is why I am on my feet today. I represent some 70,000 people who feel the way I do. That is why I am back in this house.

Read that page in *Hansard* and you will have no doubt that the spiritual leader of the New Democratic party felt there was no difference whatsoever between communism and socialism except the method by which every person in Canada is made subservient to the state. I wish I could leave the matter there, but unfortunately I cannot because I have been accused in this house, in the kind of verbal display we have had this afternoon, and anonymously, of being a revolutionary, and this from no other lips than those of the Prime Minister (Mr. Trudeau) himself.

This is passing strange. I checked *Hansard* to try to find our little exchange but it was not there. So, Mr. Speaker, bear with me a moment while I put it on record. The only kind of revolution I have ever taken part in is the kind the Prime Minister says he is engaged in, a revolution against poverty, a revolution against discrimination, a revolution against division in our country. That is the kind of revolutionary I am.

If those within his party who support him so strongly agree with him, then I suggest they ask him publicly in this house to explain certain things to which he has put his name.

Rather than make any mistake, I have obtained a book from the Library of Parliament entitled, "Trudeau—Federalism and the French Canadians." Beginning at page 124, in a chapter headed "The Practice and Theory of Federalism" he devotes several pages to a very illuminating doctrine. Again, rather than bore the house by quoting it I suggest that everybody within hearing of me and everybody who hears about my speech or who has misquoted me in the press or otherwise, should read this chapter carefully.

It is in excellent English, Mr. Speaker. There is no doubt that the Prime Minister is completely bilingual. He is able to convey his meaning to us in clear, unequivocal terms, and in this chapter he praises socialism—complete socialism. If one takes this in conjuction with the remark of Mr. Woodsworth which I have just quoted, Mr. Woodsworth the spiritual father of socialism in Canada who equates socialism with communism, I can only make a layman's decision and say that the Prime Minister espouses one and the same cause. If this is not so, then I would like some kind of denial.

The chapter to which I have referred first appeared in another book, which I also obtained from the Library of Parliament, entitled "Social Purpose for Canada" edited by Michael Oliver and published by the University of Toronto Press in 1961. The same chapter appears in it, word for word. I have taken the trouble to do my homework. I have checked them and they are word for word.

On the radio and on television, and also in this house I have heard it suggested that we now have a new and enlightened Prime Minister. Am I to understand that one short year in office has changed him, just as St. Paul's outlook was miraculously changed when travelling on the road to Damascus? The suggestion is that the Prime Minister has seen the new light of democracy. He no longer believes this garbage. Political garbage is all I can call it. He goes through the Regina Manifesto of 1933—

Some hon. Members: Hear, hear.

Mr. Bigg: Cheers from the left.

Some hon. Members: Hear, hear.

Mr. Bigg: Big cheers from the left. They would have us believe that the Regina Manifesto, or even a watered down version of it, is the answer to Canada's economic problems. But if this is so, Mr. Speaker, if it will work anywhere, why did it not work in England? That is what I asked last night.

Many times I have heard it said, "You had a Conservative majority at one time. Why did you not do better for Canada in the short time that you had a mandate?" The socialists have had a mandate in England three times since the end of the war, a greater mandate than we ever had, but there the socialist experiment has been a complete flop. The reason is, and I stake my life on this, that any theory that puts the state above the individual is false, dangerous, rotten and unthinkable to right-thinking Canadians. I would be the first if the Prime Minister has changed his mind—

Mr. Broadbent: Mr. Speaker,—

The Acting Speaker (Mr. Béchard): The hon. member for Oshawa-Whitby on a point of order.

Mr. Bigg: I hope it is a question of privilege.

Mr. Broadbent: It is. I do not for a minute question the integrity of the hon. member, although I differ profoundly with his judgment. With regard to his reference to a former distinguished member of this house, Mr. J. F. Woodsworth, a man honoured by people in all parties, I would ask him in all seriousness whether in respect of the accusation he is making now about the kind of political system referred to by that former member of the house, he is not failing to make the distinction, which Mr. Woodsworth as a Christian would make, between socialism and communism.

The Acting Speaker (Mr. Béchard): Order, please. This is not a point of order; this is a speech.

Mr. Bigg: Mr. Speaker, Christianity is not on trial here, but rank socialism may well be on trial.

Some hon. Members: Hear, hear.

Mr. Bigg: I have in mind income tax. In my opinion, when income tax gets beyond a certain point it becomes socialism by legislation. I am against that type of legislation which takes away so much of my income that I am no longer master of my own destiny. Through financial legislation socialism is coming in the back door, even though the people of Canada have no stomach for it. I assure the house if they knew exactly what kind of a parcel they are buying there would be less of

that parcel today. I see that I am receiving a response. I have awakened considerably the party on my left.

• (3:10 p.m.)

How many members of the Liberal party have read the two books to which I referred? How many members of the Canadian public have read these books? How many cabinet members have read these two books? This is not a rhetorical question. The last member who resigned from the Liberal cabinet, apart from those who refused to serve in the first place, said that had he read these books he would never have sat on the treasury benches. I am quite sure others would leave the treasury benches if they read these books and interpreted them in the way I do. I am not a hair splitter or a peeker through keyholes. I am reading the plain English language.

I make no aspersions whatsoever on the spiritual leadership of Mr. Woodsworth and his Christian image. I do not deny those beliefs; I happen to share them myself. But they can be profoundly wrong when related to politics. I believe that if you read his remarks you will be as convinced as I am. I challenge you to read page 1689 of *Hansard* for February 1, 1933. If you are honest I am sure you will then get up and say that the privileges of every Canadian are being abused when these principles are allowed to be spread in a democratic institution such as this.

Any democratic government must raise money. Every member of parliament wants to have some of that money spent in his district. I understand that. After the budget comes down tonight we will hear a great deal about new culverts, new docks, and new railroads which members want built. But is there to be no limit to the amount of taxation required? I want to know what the final result of this ever increasing spiral of taxation will be. What is the principle behind it? I do not know any better place to talk about it than right here. I am not speaking of Christianity. I am speaking about the lifeblood of a democratic nation. I am speaking of money—plain dirty, cold, old gold. If you do not have it, your chances in this world are sadly reduced; I do not know what they are in the other world. I do not want any red herring to be dragged across my trail, if you will pardon the expression.

I have tried to make some positive suggestions. One of the members from Toronto spoke very strongly about United States domination of Canadian industry. He suggested they are buying us out. He is partly right. To the Canadian people who do not want to be overtaxed I make the plea that they cut down on their own personal extravagance. I suggest that they stop spending their money abroad and that they buy the products of Canadian industries. They should invest in the future of this country. Why are the Americans investing in Canada? They are doing so because Canada has the best future of any country in the world. If Canadians would invest in their own country I venture to say the next generation would find that a smaller percentage of their income would go into income tax. We would be able to pay our bills better than by any system that this government could dream up. There is no limit to the development of Canada if we go about it in the right way.

The next thing is to put everybody in Canada back to work. I understand that this summer in Ottawa there are 3,000 young people unemployed. They approach officials and say, "Will you find me a job". I am told by some officials that some of these people really do not want work. They want play money; they want a few days pocket money. They do not want to pay for their schooling or any part of their tuition. They just want a few days pocket money. I am certain that if they said they wanted three months' hard work, or any work, to enable them to go back to school and stop being a burden on their families and the community, a more sincere effort would be made to find them jobs. There are still places in Canada where companies are looking for young men to work for even three months at a time if they are willing to assume some responsibility. They might have to start out by doing a reasonable amount of physical labour but later they will be given a share of the responsibility. In my opinion this country is a bonanza for those who want to take their share of the burden.

As I said last night, the federal government is not alone in wasting money. We have three levels of government. Without co-operation among these three levels of government it is very easy for one to point to the other and say that it is the other's fault. We need more co-operation among the three levels of government. To be fair to the Prime Minister, I recommend the other sections of his book. I suggest that you read not just the section on communism but also the sections on co-operation and the responsibility of the different levels of government. There is much to be said for this book. Heaven knows, when you

are selling a bad product there is nothing like putting it in a good parcel and gift wrapping it.

You can call a political doctrine anything you like just as long as you do not cheat me out of my personal freedom. Call it anything you like. If you call it strong socialism and give me the right to free enterprise under that name, fine and dandy, but do not call it free enterprise and end up with socialism. That is apparently what we are trying to do. Do not cut back on the armed forces and save money by this cutback and streamlining if it will cost the taxpayers ten times as much later to try to get the necessary force to help defend the North American continent. That is poor economics. Do not tell me that you are going to save money by cutting back on defence spending and then spend millions of dollars to house a bureaucracy. This is the type of waste I am talking about.

What does federalism mean to the Prime Minister? I want him to tell me. I want the Minister of Finance (Mr. Benson) to tell me tonight why it is that the burden of stopping inflation should always fall on the wage earner or the small businessman. I want to know why the burden of taxation cannot be more effectively distributed. I want to know why we do not look into some of the escape routes of waste and luxury living. I do not know, but perhaps some of these world tours people are going on should be taxed. I do not know why there should not be a more liberal—if you will pardon the word—allowance for investment in Canada. Perhaps we should have a family plan by which $1,000 per family would be exempt from income tax for investment purposes in this country. A great many people do not have the money to invest in Canada. For at least five years I have been advocating that the basic rate of exemption for income tax purposes should be raised.

On both sides of the house I hear people say, "How are you going to do that and balance the budget?" We have had unbalanced budgets before for poor causes. There is no doubt in my mind that something in the order of $4,000 per family should be the basic exemption for income tax purposes today. We could find other ways to raise the money. One would be by having the people go back to work. It is not a good enough answer to say it is difficult to raise the money. If the present administration has sufficient imagination it could do it and, if not, it should hand over the administration to us again like they did in 1957 when we did find some of the answers.

[Mr. Bigg.]

We sold grain, we built railroads and put people back in school. In five years, with heavy spending, we came up with balanced budgets at a time when there was supposed to be a sagging economy. For the last seven years we have had a so-called buoyant society. The radio is silent about it and the television is silent about it.

• (3:20 p.m.)

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

Mr. Bigg: Yes.

Mr. Benson: Would he indicate to me in what year the Tories balanced the budget?

Mr. Bigg: I said "the economy". The Minister of Finance knows very well that his question was an attempt to—

Mr. Benson: It is a simple question.

Mr. Bigg: The Minister of Finance knows perfectly well that in one year we budgeted for a $700 million deficit but the affairs of Canada were governed so well in that year that we came within $200 million of balancing the budget, which is $500 million ahead of any prognostication on the part of the Minister of Finance. Our Minister of Finance in those days was a Conservative and he made a conservative estimate of the income of Canada. At least he erred on the side of truth. When things went better than he thought he was able to present the Canadian people with that tremendous achievement, but the press said nothing nice about him. He was not praised on television, and nothing was said by members on the opposition side. That was one of the finest pieces of financial administration this country has ever seen. It was the start of the boom on which the Liberals have ridden ever since without contributing in the slightest.

The wheat we sold to Communist China, without any need for recognition of that government, helped balance the budget. Their money was good, and the wheat filled the stomachs of Communist children. That is just as close to my heart as it was to Mr. Woodsworth's, or anyone else in this chamber. I do not want to fight wars on empty children's stomachs. Let us not have any suggestion of this type. I should like to see another 500 million bushels sold for the same reason.

I can well remember one time on the platform when I was asked by a radical individual what I intended to do about the hungry

people in Korea. I said that I would match my cheque with the cheque of that gentleman. Needless to say he was one of the richer farmers in our district. He put his hat on his head and went home and I went ahead with my speech.

I hope I serve the poor people of the world as well as anybody else because I am a reasonable man. It is our own free democratic system which enabled North America to support the Marshall Plan. It is our democratic system which helped build Europe after it had been smashed apart by dictatorial powers as a result of foolish dreams. It was our democracy and free enterprise which rebuilt Europe. This was not done by Communist activity but was the result of people dipping into their pockets.

I am not preaching Christianity but ordinary humanity and the virtues of democratic people like myself who were responsible for this rebuilding and the contribution of some $100 billion. This money was willingly poured out to fill the hungry stomachs and the food baskets of the world. This has never been done by anyone else. If it has been matched by someone on the other side of the picture I want to hear about them. If the system in that extremely socialized England is able to produce a balanced budget, let us hear about it. If the workers over there are better housed, have a better morale and are happy, let us hear about that. Let us hear how this wonderful system is going to put us all back to work. Let us see whether it will make all our young people happy with the lot that is theirs.

Has it been the contributions of parents in this country that built these wonderful universities at which there is now unrest, or did these universities come about as the result of radical elements telling people they have not had anything decent so far and that utopia is just around the corner? If utopia is around the corner, I should like to know on whose terms. I believe in hard work—

The Acting Speaker (Mr. Béchard): Order, please. I regret to interrupt the hon. member but his time has expired.

Mr. Macdonald (Rosedale): Mr. Speaker, I rise on a point of order. With the indulgence of hon. members I should like to refer to the business of the house. I should like to say there have been some discussions, and if there is agreement in respect of the order of business perhaps we could suspend the provisions of Standing Order 40 for tonight and establish the adjournment of the house following the initial remarks of the principal spokesman for the official opposition, and his adjournment of the budget debate if that takes place before ten o'clock.

The Acting Speaker (Mr. Béchard): Is it so ordered?

Some hon. Members: Agreed.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I intend to direct my remarks to the bill of the Minister of Finance (Mr. Benson) which is now before the house. As a matter of fact I intend to oppose it and to move an amendment to give it the six months hoist. Before I do so, however, I feel I must say a few words in respect of some of the remarks made by the hon. member for Pembina (Mr. Bigg). I am glad he is still in the house, and perhaps his colleagues will draw his attention to the fact that I am about to refer to some of the things he said.

I refer in particular to the remarks of the hon. member for Pembina in respect of my distinguished predecessor, the late J. S. Woodsworth, who for many years was the hon. member for Winnipeg North Centre. Last night, and again today, the hon. member for Pembina asserted that Mr. Woodsworth said in this house in February, 1933, that there was no difference between socialism and communism. When he was challenged last night to indicate when this statement was made he said it was made on February 8, 1933.

Mr. Bigg: February 1.

Mr. Knowles (Winnipeg North Centre): I have the floor, Mr. Speaker. I recognize that was a slight slip, and he has made it clear today that it was on February 1. I am glad to have that information because I could not ascertain that Mr. Woodsworth spoke at all on February 8, 1933.

It is true that on February 1, 1933, Mr. Woodsworth made a speech on a motion he had moved calling for the establishment of a Co-operative commonwealth in Canada, and there were certain interjections in his speech as recorded at page 1689 of *Hansard* for that date. I must say to the hon. member for Pembina, with all the respect and regard I have for him, that I feel he has grossly distorted what Mr. Woodsworth said on that occasion. I do not think he would like his words to stand, unfair as they are.

Rather than pitting my words or interpretation against his let me read from *Hansard* what the hon. member for Pembina did not take the trouble to read. This appears in the first column on page 1689 of *Hansard* for February 1, 1933. Mr. Woodsworth said:

> Let me say that we must distinguish clearly between the Co-operative Commonwealth Federation and communism. It is quite true that both believe in a changed social order, in a new economic system.

He did not say they believed in the same economic system, but that they both believed in a new economic system. He went on to say:

> The communists are convinced that this can be brought about only by violence. They think it cannot be done in any other way. We believe that it may come in Canada by peaceful methods and in an orderly fashion, and that is the purpose of this organization.

"This" was the Co-operative Commonwealth Federation, the C.C.F., which has now been succeeded by the New Democratic Party. At that point—

• (3:30 p.m.)

Mr. Bigg: Why don't you read all of it?

Mr. Knowles (Winnipeg North Centre): Don't worry; I will be fair and read everything that is here, which is precisely what the hon. member did not do, Mr. Speaker. There was an interruption by Mr. Morand, who I presume was a Liberal. These are his words:

> The end being the same.

Those are not Mr. Woodsworth's words; those are the words of the interrupter.

Mr. Bigg: Is there a question mark after them?

Mr. Knowles (Winnipeg North Centre): No, there is not.

Mr. Bigg: Well, there should be.

Mr. Knowles (Winnipeg North Centre): Not only does the hon. member distort *Hansard* but he now wants to edit it 36 years later.

Mr. Bigg: Mr. Speaker, on a question of privilege, was there ever a clearer case than this of trying to distort a man's words? That was a rhetorical question by the hon. member posing the question, who said "The end being the same". Whether or not the *Hansard* reporter wrote it down that way, everybody in this chamber knows what he meant, and everybody knows from the answer given that it was taken as a question. Mr. Woodsworth said there was no answer except the use of force.

Mr. Knowles (Winnipeg North Centre): This is no question of privilege, Mr. Speaker, and I did not rise on a question of privilege when the hon. member was speaking because as Your Honour said to my hon. friend, the hon. member for Oshawa-Whitby (Mr. Broadbent), this is a matter of debate, and to me it is a very serious matter of debate. If the hon. member rests his case upon the punctuation mark *Hansard* should have used 36 years ago, that is quite a different thing from his standing up and saying that Mr. Woodsworth said there is no difference between communism and socialism. As a matter of fact, on this page no references were made to socialism itself. Other hon. members were trying to compare the C.C.F. with communism, and Mr. Woodsworth said that we must clearly distinguish between them.

Since the hon. member wants me to do so, and because I think I must do so in order to be fair, let me read Mr. Woodsworth's reply to the interjection by Mr. Morand. Mr. Morand interjected:

> The end being the same.

To that interjection Mr. Woodsworth replied:

> It may very well be that force may prove inevitable—

Mr. Bigg: For what?

Mr. Knowles (Winnipeg North Centre): May I have the floor, Mr. Speaker?

The Acting Speaker (Mr. Béchard): Order, please. The hon. member for Winnipeg North Centre has the floor.

Mr. Winch: You are not in the R.C.M.P. now.

Mr. Bigg: Aren't you glad?

Mr. Douglas (Nanaimo-Cowichan-The Islands): So are the R.C.M.P.

Mr. Knowles (Winnipeg North Centre): I think I know the mind of J. S. Woodsworth better than my hon. friend. This is the reason I was so astounded, as was the hon. member for Vancouver-Kingsway (Mrs. MacInnis) who was sitting behind me last night when these remarks were made by the hon. member for Pembina. Remember, Mr. Speaker, that this was in the context of what was happening in 1933. Mr. Woodsworth said:

> It may very well be that force may prove inevitable, yes, if the attitude of certain gentlemen—

By the way, the Conservatives were in power.

—is persisted in and the people of this country are denied the right that they have to self-expression and to the enjoyment of a decent livelihood.

Mr. Garland (Bow River): Even the right to work is denied them.

Then Mr. Woodsworth quoted a passage which I would be quite happy to read, if necessary. It is a quotation from the Vancouver *Province* suggesting that this is the kind of thing that could happen, but Mr. Woodsworth gives his own comment on that quotation and says:

We in our group are out to try to bring about the end in view by peaceful and orderly methods.

Mr. Woodsworth went out of his way in that speech to assert the position he always took—some of us know it very well because of our contact with him—namely, that violence and force were not weapons to be used. If ever there was a man in this house who believed in non-violence, it was J. S. Woodsworth. For it to be suggested that there was any similarity between the things he stood for and communism is, I suggest, a gross distortion of the position taken in this house by one of the finest men who ever graced the parliament of Canada.

Some hon. Members: Hear, hear.

Mr. Knowles (Winnipeg North Centre): I said that it was my purpose to speak mainly about Bill C-191 which is now before us and on which the Minister of Finance spoke at the second reading stage last night. I have just taken a few minutes to try to clear up a distortion by an hon. member to my right.

In a different vein, Mr. Speaker, I say to the Minister of Finance that he was guilty of a tremendous distortion last night when he stood in this house and tried to suggest that the 2 per cent social development tax, this flat rate tax on the first $6,000 of taxable income which does not apply to taxable income above that level, is a progressive form of taxation, a premium, something that one should be privileged to pay because of what he gets for it. It is one of the finest things ever thought of, to listen to the Minister of Finance last night. Well, what word can I use? Should I say "rubbish", Mr. Speaker?

Mr. Gilbert: Certainly.

Mr. Knowles (Winnipeg North Centre): Certainly that is what the minister's presentation last night was. I do not know what you are smiling at, Mr. Speaker, and I must not put words behind your smile, but I have a notion why you are smiling. The 2 per cent social development tax, far from being a progressive measure and one that we should welcome, is as regressive as it can possibly be. It is 2 per cent on the first $6,000 of taxable income, with a cut-off at that point. This means that a married man who has no children gets the $2,000 income tax exemption and if he makes $8,000 a year income he pays $120. It also means that the $18,000 people, the $40,000 people, the $100,000 people, the millionaires, pay the same amount—$120 a year. For the Minister of Finance to ask us to swallow the notion that this is a progressive tax is really pressing things a little too far.

One of the examples of the application of this 2 per cent social development tax which demonstrates how unfair, how anti-social it is, is to be found in its effect on old age pensioners, particularly those between the ages of 65 and 70 who are able to qualify for the guaranteed income supplement on top of their basic old age security. If they are drawing old age security, people in that age bracket have an income tax exemption level of only $1,000. It is $1,100 if you add the $100 everybody can claim for charitable donations, and so on. So $1,100 is the tax exemption level.

The government has decided that incomes must be brought up to a certain point. The act originally provided that they should be brought up to not less than $105 a month or $1,260 a year. There have now been some 2 per cent additions to that, so the figure is a little higher. But this 2 per cent social development tax which the minister wants us to believe is so progressive and a fine example of paying for services one receives, hits those people in this way: every dollar over $1,100 these people receive is taxed at the ordinary rate plus this additional rate of 2 per cent. So if pensioners have $160 or $200 over the $1,100 they pay $3.20 or $4, as the case may be, on that amount. The amount may not seem great but this is on top of the regular tax they must pay, and bear in mind that this is money that is taxed back from people who are given the money because the government said there is a floor below which people must not fall; there is a minimum income level to which everybody 65 or over must be raised; it is a minimum that we must guarantee. It is a fine kind of guarantee to turn around and with the other hand tax the money one receives under that guarantee, above a certain level. I suggest that on all counts this tax

has to be condemned out of hand. No government in a modern age has the right to put on this kind of tax, let alone try to tell us that it is progressive.

• (3:40 p.m.)

One of the arguments that the minister used last night was that there are one or two precedents for it. Of course there are precedents for it, but that does not mean they are good precedents. The old age security tax is established on the basis of 4 per cent on individuals who have up to the level of $6,000 of taxable income. Does the fact that it is there make it a precedent that is worth following? The fact of the matter is that from the day these taxes were put on for old age security, first at a $3,000 cut-off point, later at a $6,000 cut-off point, we were saying that it is a regressive form of taxation and that it should not be continued. We have argued from the very day it was brought in that if we are going to collect a special tax for old age security it should be a graduated rate, but at least if it is a flat rate it should be the same rate all the way up to the top dollar that the wealthy and the millionaires may make. So it is no precedent so far as we are concerned. It was a mistake in the first place.

The minister also cited the Canada Pension Plan where he suggested that a cut-off is justified because the premiums are related to income. May I point out that the cut-off in the Canda Pension Plan of the amount on which you pay carries with it the penalty of not being able to get a Canada Pension Plan benefit related to the higher incomes that people make. I am not even defending that scheme down the line, although in my view the plan is a pretty good one. However, it has no relevance to a form of general taxation such as we have now before us. Who knows what we are going to get in tonight's budget, but at some future time another of these taxes will be imposed that puts the burden on the poor and lets the rich off scot free, and we will be told that there is a precedent for it. We will be told, "we did it for old age security and we did it for social development, so therefore it is a good thing. The people of Canada have not risen up in revolt, therefore we can do it again".

We think that the time to stop this kind of taxing is right now before it goes any farther. I should like to say that people find it passing strange that the government can so easily and so blithely impose these taxes and collect hundreds of millions of dollars from the little people—because that is where most of this $400 million will come from—and then turn around and give $80 million back to the automobile manufacturers of this country. I am sure that my mail and the mail of my colleagues is not unique. I am sure that members in all quarters of the house are getting protests from all over this country about the way in which the government was able to do that. "It was a technicality", said the Minister of Industry, Trade and Commerce (Mr. Pepin). He wanted to help the automobile manufacturers, and this technicality of their having to pay $80 million in tax stood in the way, so he wanted to help them out and the government forgave them this money under the Financial Administration Act. I still agree with the Auditor General that the government had no right to interpret the Financial Administration Act in that way. Even if the government could establish legal authority for doing this, I say it is disgraceful for a government to hand out $80 million to the automobile manufacturers and then to turn around and say to old age pensioners with an income of just over $1,100 that they shall have to pay an extra 2 per cent social development tax on the few dollars the government has given them to bring them up to a guaranteed level.

Some hon. Members: Shame, shame.

Mr. Knowles (Winnipeg North Centre): I wonder what it is about the $80 million that mesmerizes the Liberals. I have been here longer than some of them, but one does not have to have been here very long to remember another $80 million story back in 1956. At that time there was in the government a man of great power, namely, the late Right Hon. C. D. Howe, who made a deal with a certain pipeline corporation according to which the government would make a loan of $80 million to that corporation by a certain day. In the same session we were trying to get something for the old age pensioners of this country, but we got nothing that year. The next year there was an election and we got $6 a month for the old age pensioners, an addition on top of the $40 that was then being paid. That was the action of the Liberals in 1956 and 1957—the six buck boys. The pensioners got $6 a month, and the pipeline company got $80 million.

Mr. Stanfield: It is the same old gang.

Mr. Knowles (Winnipeg North Centre): Now again it is $80 million for the automobile manufacturers, but not even six bucks for the old age pensioners. No, it takes away by

means of a 2 per cent social development tax a further portion of the very money that we have given them by way of a guarantee. Yet the Minister of Finance expects us to support this legislation.

The minister looked somewhat annoyed with me when I suggested that I was going to move the six months' hoist. This bill should be defeated completely. It should not be put on the statute books of Canada, a country that regards itself as progressive and is concerned about the well-being of its people. We are going to have a budget speech tonight and we may get some legislation.

Mr. Benson: I wonder whether the hon. member would permit a question? In speaking about the treatment of old age pensioners does he not also recognize the fact that pensions have been increased by this and previous Liberal governments by $42 per month since 1963?

Mr. Knowles (Winnipeg North Centre): I almost wonder whether the Minister of Finance is a mind reader because he asked a question that leads right into what I was going to deal with at this point.

Mr. Benson: Your mind is easy to read.

Mr. Knowles (Winnipeg North Centre): If my mind is so easy to read, perhaps the minister will tell me what I am going to say.

Mr. Douglas (Nanaimo-Cowichan-The Islands): If the minister could read your mind, he would be insulted.

Mr. Knowles (Winnipeg North Centre): The Minister of Agriculture (Mr. Olson) says he does not agree with me. He used to agree with me in the times when he sat over here, but since then he has been metamorphosed. The Liberals like to give us that old line about what has been done by way of increasing old age pensions. Of course they have been increased a great deal. When I came here they were $20 a month; they are now $105, plus some little 2 per cent additions. Of course there have been changes. There have also been changes in the cost of living. Even members of parliament do a little better now than they did when they got $4,000 at the time I first came here.

Let me say to the Minister of Finance—and I will tie in my answer to the question he just put to me—that I can also read his mind; I know that he is going to talk tonight a great deal about inflation. All the bank presidents, all the financiers, and all the big important people who run this country, are talking about inflation. They say we have to do something to check inflation. What is it that they want to do? They want the little people to tighten heir belts. That is what this 2 per cent social development tax is all about. It is a demand that the little people carry the brunt of the battle against inflation. I say to the Minister of Finance in answer to his question about old age pensions that when the government does nothing to help old age pensioners keep up with the rising cost of living and the rising standard of living, when the government contents itself with an act under which pensions are increased by only 2 per cent although the cost of living may go up by 4 per cent, that is exactly the same as taking money away from old age pensioners.

If the Minister of Finance and his colleagues had any sense of shame at all, they would not stand up and boast about the increases that have been made in old age pensions. In these days and these months they are taking money away from old age pensioners. They are actually reducing the amount that they have to buy the necessities of life. If they went into their pockets—I was going to say to their bank deposits but they do not have bank deposits—if they went into their homes and robbed them of their money, it would not be any more a case of robbery than it is for this government to give old age pensioners and a few others only a 2 per cent increase when the cost of living has gone up 4 per cent. What the government is doing by this kind of method is to require old age pensioners and war veterans to reduce their standard of living. I tried this afternoon to get the Minister of Veterans Affairs (Mr. Dubé) to take effective action for the war veterans. I am sure that if he resigned on the issue of the Woods report, it might be referred to the Veterans Affairs Committee two days later and action taken there, just as we got action on housing. This action with regard to old age pensioners also applies to superannuated civil servants, retired pensioners of the C.N.R., and people in receipt of family allowances. The government is asking these people to fight the battle against inflation.

• (3:50 p.m.)

Yes, these are the people who are being asked to fight the battle against inflation. Are the presidents of the chartered banks taking

cut-backs? I'll bet! This is what the government is doing. It is marshalling the ranks of the poor, the needy, the disadvantaged, the old age pensioners, the people on fixed incomes, and telling them: you must tighten your belts; you must take less and, if you can do this, somehow we shall do something about the inflation which is facing this country.

No one in this house denies the existence of the inflation problem. But let it be clear, neither does anyone in this house want to go back to the wage and price levels of 10, 20 and 30 years ago, or to the poverty and the living standards which went with them. Let it be admitted that as prices and wages rise there is a certain amount of adjustment, and that living generally is better today than it was in the period of the thirties in relation to which I was quoting from *Hansard* a while ago. In facing this problem of inflation the government ought not to be asking the old age pensioners and the poor to carry the whole load. It should, rather, be protecting their position by saying that their pensions and allowances are to be increased to enable them to keep up with the rising cost of living.

I will go further, Mr. Speaker. I would say they have a right to share in the rising standard of living and that their pensions should keep pace proportionately with the increases which take place in wages and salaries. This is an old story. My hon. friend the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) and I were today reading from the speech made by Mr. Woodsworth, drawn to our attention by the hon. member for Pembina. We were reminded of conditions back in the middle thirties. It happened that the Conservatives were in power then, though the Liberals are now. It does not make much difference. The battle through the ages has been to obtain a recognition of the right of the poor and the disadvantaged to have their share of the wealth they help to produce in a nation such as ours. They will not do so unless wages are allowed to rise, unless farm prices are allowed to rise, unless money is spent on social welfare, on health, on housing, on education, and until there are pensions and guaranteed incomes which keep raising the standard of living of the ordinary people of this country. These are the people about whom we should be concerned.

When the minister asks us to put a 2 per cent social development tax on all the people of this country, when he wants the pensioners to get by with less, when he robs them of what little they have, when he wants the poor people to fight the battle against inflation on his behalf and on behalf of the chartered banks, he is not representing the best interests of the ordinary citizens of a democratic country such as this. Mr. Speaker, you allowed me to use the word "rubbish" a while ago. Allow me, now, to use the word "hypocrisy", because I think this is what we shall be hearing tonight. The minister will be talking about inflation and what we must all do to combat it. I say that people, not bank and insurance company presidents, must come first, and that we should be concerned not with belt-tightening or the methods which Herbert Hoover would have adopted but with ways of developing our production, increasing our productivity, and making sure that the increases that are achieved lead not to profits for the few but to an improvement in the livelihood of ordinary people.

Without any question, therefore, we are opposed to this bill. We think the house should put it off for six months and then for another six months after that. That is why I intend to move this amendment. I hope the house will go on record as squarely opposing the 2 per cent social development tax and that its action will be a warning to the minister not to bring in anything more of this nature tonight.

I hope that tonight the minister will find it possible to do a few things which are progressive and helpful. I have been pleading with him for a year or more to get over this technicality as a result of which pensioners receiving income supplements are obliged to pay income tax on them. Surely the minister can take care of this situation by means of a tax credit or an adjustment of some sort. As a matter of fact we believe he ought to provide that any income of less than $2,000 for a single person or $4,000 for married people should not be taxable at all. And let the hon. gentleman not tell us that I said he should raise exemption levels to these points and give bonanzas to the wealthy. I know the mathematics of this. You can leave the rates as they are in respect of those earning upwards of $4,000 or $5,000, but you can provide that on incomes below a certain amount no tax should be paid.

The minister knows how to do this. He did it in connection with the Estate Tax Act where he provided that when people leave estates of less than a certain sum, no tax at all is payable. I hope the minister will bring in something on these lines tonight. If he cannot be progressive, then at least let him

[Mr. Knowles (Winnipeg North Centre).]

not be so reactionary as to give us another dose of the kind of tax now before us for which there is no justification whatever in a country which calls itself democratic or thinks itself to be progressive in any sense of the term.

Therefore, because we feel as strongly as we do about this tax and believe the bill should be defeated, I move, seconded by the hon. member for Vancouver-Kingsway (Mrs. MacInnis):

That the word "now" be deleted from the motion and that the words "this day six months hence" be added at the end thereof.

• (4:00 p.m.)

[*Translation*]

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, during the short period of time I am allowed, I shall stick to the bill before us, namely Bill C-191 which has a rather mild title but I feel that it could nevertheless have long-range implications on the Canadian economy. This bill is intituled: An Act to amend the Income Tax Act.

As a matter of fact, this is a most important bill since it provides for an indirect tax to be levied from nearly every Canadian.

The bill itself is quite complex as it deals with several matters, like sales of ships, the use of tax tables and a change in the date when companies have to file their income tax returns.

Ten items or so are merely consequential items resulting from changes to certain sections of the Income Tax Act.

As for the other provisions, they are of the utmost interest to the Canadian tax-payer. For instance, clause 27 of the bill intends to add immediately after section 104A the pompous title of:

PART IB

Social development tax

This section affects every Canadian taxpayer. Every individual liable to pay a tax for a taxation year shall pay a social development tax for the year equal the lesser of 2 p. cent of his taxable income or a maximum of $120 a year.

This tax directly affects the poor as well as the wealthy but more harshly the first group.

Indeed, the person whose taxable income is $6,000 a year will have to pay $120 in social development tax exactly as the one whose taxable income is $25,000 or $100,000. The small taxpayer whose taxable income is only $2,000 will have to pay $40 a year in social development tax, while the well-off or the millionnaire will pay only $120 a year. We claim that this is an unfair legislation, for it deprives the small taxpayer of part of his vital minimum and allows the big interests to pay only a small social development tax of $120.

Such legislation indeed runs counter to the "just society" which is so highly praised in government statements.

The other clauses of Bill C-191 relate to taxation of insurance company income and of the profits made by insurance policy-holders at the time of redemption or of maturity of a policy.

Here is what Mr. Hazzlet Lemmon, president of the Canada Life Insurance Company, had to say on the subject at the meeting of the shareholders of that company last January 30, and I quote:

It may well be that the most important event of 1968 insofar as the future of life-insurance in Canada is concerned was the proposals announced by the Minister of Finance in his budget of October 22. He introduced a complete new system of taxation for life-insurance companies which includes three types of taxes. First of all, he announced that any net profit made by a policyholder after October 22, at the time of redemption or maturity of a policy, except in cases of death, should be taxed as personal income.

He took good care to exclude all retroactive taxation element. If this form of taxation is adopted, it will mean that we would have to consider seriously the important values involved in the greater number of life insurance contracts now in force before taking any step to end these contracts.

Secondly, companies would pay tax on their investment income—after fixed deductions—at the proposed rate of 15 per cent.

Thirdly, any corporation income, as defined, will be taxable at the regular rate that applies to corporations income.

Since that budget was introduced, some representatives of the industry have discussed the details of the application of these taxes almost continuously with government officials and the minister. Suggestions have been made which, according to insurance companies, would make these taxes far more equitable as compared with taxes that apply to other institutions. To date the final bill has not been introduced so that it is impossible to know exactly what burden these taxes will represent.

Over the years, the Canadian life insurance industry has managed remarkably well to reduce the cost of life insurance to its policyholders, through increased rates of interest, a better return on the capital and the improvement in the death rate. Any new taxes imposed upon the industry will of necessity have the opposite effect and, as a result, the cost of insurance will be much higher than it would have been otherwise. If it were to result in reducing the amount of insurance taken by Canadians, this would lead to widespread social

repercussions. In addition, the shortage of capital available for investment in these long term contracts will continue to grow increasingly in Canada, and even in all western countries.

The minister said in the course of his speech that, according to the government, the extra revenue thus gained would counterbalance the obvious disadvantages of such taxes. We sincerely hope that the government will give serious consideration to all these points when it makes a final decision on the bulk of the proposed taxes.

Insurance, Mr. Speaker, is one of the most popular saving devices in Canada. It is an incentive towards saving; it helps to curb inflation, this nightmare of the government; lastly, it is a huge source of that capital so much needed now by Canada to control its economy and also an important source of mortgage money that will help solve the housing problem.

The government, therefore, does not seem very consequent when it is asking us to take steps in order to control inflation while proposing a legislation meant to penalize the thrifty.

The government also does not seem consequent when it complains about the scarcity of capital available for house building while punishing whose who build up a fund available to those who want to build themselves a home.

What were the portfolio assets of the insurance companies at the end of 1966, according to the reports provided by the Superintendent of Insurances?

The life insurance companies in Canada had $5,485 million in mortgage loans in 1968; $5,929 million in bonds and debentures of all kinds $523 million in ordinary shares, of which only $94 million were in non-Canadian companies $450 million in policy loans and finally $423 million in real estate with only $56 million in cash.

The life insurance companies invest in Canada. They make mortgage loans and invest in Canadian industries they are ever ready to finance government programs.

As far as the province of Quebec is concerned, for example, life insurance companies have invested, according to a statement made in Montreal on June 17, 1968, by the president of the Canadian association of life insurance companies, Mr. Lemmon, over $4,863 million, that is 1.6 times their commitments towards their policy holders.

Out of this total, $1,698 million were in mortgage loans, $1,526 million in government and municipal bonds $1,477 million in corporation stock and $162 million in other investments.

• (4:10 p.m.)

Life insurance companies invest more in Canada and in Quebec than their total commitments because they also invest funds coming to them from policy holders living in the United States. In 1966, for the whole of Canada, life insurance companies had invested $5 billion on behalf of their policyholders residing in the United States. Therefore it can be said that life insurance companies contribute to the growth of Canada and that they help in remarkable way in its development.

Here are the comments made by Mr. Graham F. Towers, former governor of the Bank of Canada, at the annual meeting of the shareholders of the Canada Life Insurance Company, on January 30 last. We know that Mr. Towers, chairman of the board of the life insurance company, was the first governor of the Bank of Canada, president of the Industrial Development Bank and assistant governor of the International Monetary Fund. I quote:

In October last, the federal government introduced a special budget which showed that the 1969 fiscal deficit will be much greater than anticipated. In order to avoid this deficit and to balance the 1970 budget the federal government suggested that it intended to levy new taxes including a tax on life insurance which would bring the government $95 million.

As we know fully well the tremendous advantages which accrue to the individual and the economy through life insurance savings, one can ask whether the government is right in levying this tax at a time when the bond and mortgage markets are experiencing a shortage of capital.

With the passing of this bill, at least $95 million this year, and perhaps more in the following years, will contribute to the payment of government expenditures while this amount would have probably been invested in the capital market.

There are other kinds of taxes which tend to diminish savings and, consequently, supplies of capital, but none, I think, have such direct and heavy consequences as in life insurance. Those taxes can only help to worsen the situation in a country suffering from a lack of capital.

The president of Mutual Life, M. K. R. McGregor, said on February 6, 1969:

A good number of recommendations could be examined to promote savings, curb inflation and supply capital. The interest on the new federal, provincial and municipal bonds could be made tax free. Just as the government grants a tax exemption on the dividends of mining and oil corporations to compensate for the gradual depletion of operating resources, so it should recognize that there is an element of depletion in high interest during a period of inflation.

The state should in fact exempt from taxation the part of this interest representing in fact a depreciation of capital rather than an actual output. As for savings derived from permanent life insurance, I believe we should follow the example set by England, Australia, West Germany and other countries, where life insurance premiums are, up to a certain amount, deductible from taxable income.

Therefore, instead of taxing the thrifty, the holders of small life insurance policies that provide some degree of security to low or middle income people, the government should, instead of taxing them, grant them a tax abatement on a part of the premiums used to pay their policy.

Mr. Speaker, I would have two more remarks to make about Bill C-191, an act to amend the Income Tax Act.

The first one concerns the provision which will oblige the companies to produce reports as to payments of interests and dividends for every amount over $10 paid to an individual.

Has the government considered, Mr. Speaker, the tons of paper, the numerous calculations, the work that will be foisted on dividend-paying firms, which will have to inform the government of every payment over $10? It will be, at the least, one of the most vexatious devices which will certainly cost the government, on account of the required auditing, more money than it will collect. Will we see federal employees scrutinizing the books of insurance companies, for example, to see if they have declared a dividend of $10.02 paid to Mr. Léonel Beaudoin on an insurance policy?

The other matter which I would like to discuss briefly, Mr. Speaker, deals with the consequences of clause 14. This clause provides that beginning in 1969, the income tax exemption for a federal, provincial or municipal corporation does not apply if another corporate body is entitled to acquire shares or capital in that corporation. We will have to wait for the clause by clause study of the bill in committee to know what is the real meaning of those provisions which are apparently aimed at Quebec's Société générale de financement.

Established under a law of the province of Quebec, on July 6, 1962, the SGF could be described as a private enterprise serving the public interest. It is both a credit and a management company. As a credit society, it grants loans for industrial and commercial purposes. As a management company, it provides funds to existing businesses or for the creation of new ones.

Among its achievements, it has made possible the industrial complex comprising Marime Industries, Volcano and Forano, and a car assembly plant, the SOMA corporation. It has invested millions of dollars in the newsprint plant of the Donohue Company, in Clermont, in association with the French company, La Papeterie de la Seine.

In other words, the SGF aims to accelerate the passage from a trade and family economy to a capital stock type of economy. It plays an important role in the conversion of the economy, which necessitates the setting-up of vast technical and financial means, supported by a government policy based on a general plan.

It is worth mentioning that the assets of the Société générale de financement total some $100 million, that its sales exceed that amount and that 10,000 workers earn their living through the SGF.

It is also worth mentioning that the SGF gathers capital from the government of Quebec, from credit unions, from financial institutions, as well as from the public.

We therefore ask ourselves whether the new provisions in clause 14 of the bill will apply to Quebec's Société générale de financement.

To conclude, Mr. Speaker, we do not think that this bill is worth much. It is one more tax for taxpayers. It taxes all taxpayers through the social development tax. It taxes thrifty people who guarantee their security by subscribing to insurance policies, one of the main sources of financing for mortgages and bonds.

It is a legislation full of new taxes, including direct taxes like the social development tax, and hidden taxes like those affecting insurance companies.

For those reasons, Mr. Speaker, we are opposed to this proposed legislation.

[*English*]

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I wish to make a few comments on Bill C-191. First I wish to mention the disparity of taxes between the United States and Canada. Taxes have reached their limit. Incentives are being lost and we are losing some of our top graduates from our universities. Today in Canada 36 per cent of our gross national product goes into taxation. In the United States the figure is 25 per cent. Ten years ago in Canada the figure was 25 per cent. In other words, we have had an increase of almost 50 per cent in taxation in a period of ten years.

Income Tax Act

The federal government has adopted the principle that future fiscal arrangements should provide that each government should be accountable for its taxation and spending decisions, health insurance, welfare and education. If the tax burden increases in Canada, it will widen the gap between Canadian and United States companies and between the people of Canada and the people of the United States. Enterprising Canadians will be put to a more and more serious disadvantage.

In general the people of the United States can deduct mortgage interest and most forms of taxes. On the average the people of the United States receive approximately 30 per cent more in salaries. It does not take any great flight of imagination to realize what our young graduates from our universities look for. They are brilliant young men. When they look at our salaries and forms of taxation, although they may be very dedicated to their country they go south of the border.

I say to the Minister of Finance (Mr. Benson) that the present and previous Liberal governments they have done their part to get this figure up to 36 per cent. This year $840 million more was collected in taxes than in any year in the history of this country.

The minister stated that if the income tax had been increased by 2 per cent, instead of labelling it a social development tax, it would have been necessary to share it with the provinces. The minister did not have any compunction in enforcing universal medicare on the provinces. He let them look where they could for the money to finance their share, blackmailing them into accepting it. The government and the minister wanted total universal medicare instead of covering the 30 per cent of the people across Canada who really need it. Had such a scheme been introduced it would have cost only one-third of what medicare will now cost.

• (4:20 p.m.)

The very same government cuts back a few months later on the health resources fund, which is to provide for the education of the doctors who will be required to operate medicare. What a travesty of justice and honour! There is at present roughly a 20 per cent shortage of doctors in the general practitioner field. As you know, Mr. Speaker, general practitioners are the work horses of the medical profession. If the minister does not realize this, although as he comes from the city of Kingston and attended Queen's University I am sure he does know of the shortage, just let him go to some strange city, unknown and unheralded, and try to get a doctor. I tell him now he will wind up in the emergency department of some hospital sitting on a bench waiting his turn.

The government set up not one but seven task forces to find out how medical manpower can be arranged, and how to stop escalating hospital and medical costs. Dr. Dalgleish, President of the Canadian Medical Association, wrote about this as follows in the C.M.A. Journal:

> We disagree with Mr. Munro's statement that the shortage of doctors in Canada is a myth.

This is the cabinet minister who set up not one task force but seven to investigate the shortage.

> The very real shortage of physicians and their most effective use are very complex problems—problems that the profession has been struggling with for some time. As a result, we were pleased when Mr. Munro recently scanned the whole country to collect the best brains available to serve on federal government task forces to study them. We are a little surprised that after doing so he appears to have prejudged the task forces' studies, identified the problems and provided solutions himself.
>
> Mr. Munro must be poorly informed or has misinterpreted his sources of information. His reported comments on the doctor-population ratio and supply of Canadian trained physicians are a long way from actual fact.

It is the same general story when the government gets into anything. As the Minister of Supply and Services (Mr. Richardson) indicated, I believe, when the government is involved in something it cannot be run like a business, it has got to be a bit sloppy. How true those words were.

I accuse the government of acting with the wrong motives. It has broken faith with the Canadian people. It has withdrawn the grant of $2,000 per bed for new hospital construction. This means that fewer hospital beds will be provided and fewer people will get into hospitals. In effect the government is taxing the people of Canada for hospital premiums and at the same time cutting down the number of hospital beds available. This is exactly the game that was played in England. There the services were cut. Is the minister going to do the same thing with medicare? There was little or no building of new hospitals in England. In fact the government has made a good start in that direction. It has cut the health resources fund, the very fund that was to provide the necessary hospital beds and the facilities required to train doctors.

The government will collect over $450 million this year from the 2 per cent social

development tax, but it will not provide for the training of sufficient doctors to do a good job under medicare. The government will not even help financially to operate summer medical schools at which doctors could complete their training earlier than has been the case heretofore. It is evident that the government intends to keep doctors in a position of not being able to give the services for which the people of Canada are paying. The government may not realize it, but this is the same road down which the medical profession and the people of Britain were led.

I now wish to deal with the situation of our old age pensioners. As we know, they are allowed a 2 per cent increase in their pensions per year if the cost of living increases that much. But we all know that for the last three or four years there has been an annual increase of 4 per cent to 5 per cent in the cost of living. In other words, as the hon. member for Winnipeg North Centre (Mr. Knowles) said, we are taxing these people's rights and privileges. This is a ridiculous application of a mismanaged social conscience. The increase in the old age pension should bear a close relationship to wage increases and to the increase in the gross national product. Both of these things should be considered together with the cost of living index. I think we have to do this because wages have increased faster than the gross national product.

We have also a problem in that, in my opinion, we are now taxing welfare payments to old age pensioners. Take the case of those between the ages of 65 and 70. With their present low income tax exemption they are subject to income tax, and this cuts out the payment of their hospitalization. Surely this is not fair. If on the one hand we say they qualify under the means test, then how in the name of conscience can we tell them, "You are quite able to pay your hospitalization; you are quite able to pay half your medicare costs"? This nonsense must stop. The exemption level was fixed 20 years ago. If my memory serves me correctly, the present level was fixed in 1948, and nothing has been done to raise it since then despite the fact that the cost of living index has gone up 60 per cent in that period. That is just not cricket.

I hope the Minister of Finance will raise income tax exemptions for old age pensioners and for all others in receipt of welfare payments such as mothers allowances, blind and disabled allowances, and veterans allowances. Just imagine how far we are behind in dealing properly with war veterans. I believe it was in 1960 that we introduced a bill which said that if they lived in a house worth over $6,000 we would put a 5 per cent tax on them. Then in 1965 we changed the dollar figure to $10,000, again with a 5 per cent tax. But, Mr. Speaker, a veteran may have bought his house for $10,000 or he may have bought it for less. Why in the world should we use real estate values, which have gone up, according to some realtors in Toronto, almost 20 per cent in the last year and grab money back from the veterans because the price of homes has gone up? Let us stop this inequity. What a terrible way to treat people who do not have enough money to look after themselves. We drive more and more of these people below the poverty line.

• (4:30 p.m.)

What about our social conscience? Have we a social conscience or is it just lip service we offer? Are we like the people who do not look at a beggar when they pass by him but just toss a coin in his can. Let us be fair to these people who cannot help themselves. There are approximately 500,000 people between the ages of 65 and 70 in the Dominion of Canada.

I wish to dwell for a minute or two on the question of the perpetual bonds, because this is something which I think involves rank discrimination. It is a blot on the escutcheon of Canada. People today hold these bonds which were issued in 1936. I could mention many cases of people who badly need the money represented by these bonds. It is clear that the federal government has reneged and will pay only 45 cents on the dollar on these bonds and interest at the rate of 3 per cent. Tonight the budget is coming down and there are a few things we ought to keep in mind. This situation should be corrected because it can only hurt the credit of Canada and the bond market. Leaving aside entirely the question of justice which is involved. It is not necessary to have these bonds cashed in. All that is necessary is that the interest rate be raised to the current level. That would correct the problem and the price. Is there another country in the world which has not done this? Perhaps England has not—I do not know—but certainly the United States has made such provision in respect of their perpetual bonds, their Liberty bonds.

I might deal now with the insurance question. Most of these companies operating in Canada today are mutual companies; they have very few stockholders. Their rate of return is limited, so to all intents they are

mutual companies. The little fellow who buys life insurance today buys a policy of $5,000 or more by paying a premium once a year, half-yearly, quarterly or even weekly. He does this to create a nest egg and to look after his wife and family in a small way if death overtakes him. If he can afford enough insurance he is in a position to look after his wife and family entirely and take the burden off the country. In other words, he may prevent the payment of welfare. People buy life insurance for two purposes: First, to create an estate and to protect their families and, second, as a saving. The fellow who will have to pay the tax on this insurance is the ordinary fellow who lives in your town and my town. It is not the corporations or Insurance Companies that will pay it because in the long run they will come right back to the person who has bought the insurance. When one considers all the arguments I do not believe this is fair.

I should like to leave with the Minister of Finance the suggestion that medicare, welfare payments and the insurance question are of vital importance to the Canadian people. They are matters of concern to the little people across Canada. Justice must be done for the people at the lower level of society, the poor people. It is not sufficient to mouth words. Actions speak much louder than words, and action is overdue.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I should like to say a few words about the social development tax. When the minister introduced this tax some time ago it was based on the need to provide additional funds for medicare and the promotion of the medicare program. The mere fact that it was based on a maximum of $120 a year is evidence that the government recognized that if it were higher it would reduce substantially in some cases the productivity of many of the citizens in the higher brackets, particularly those in higher wage earning brackets. So it was necessary for the minister to set a limit. In some ways it may be an unfair limit but it is an indication that at least we are approaching the limit of taxation so far as incomes are concerned.

Since this tax was introduced with the idea of paying for medicare, I believe, I should like to say a few words about it. When health care is free, consequently supply and demand are not kept in balance by price. When resources are limited both theoretically and in practice, supply must be controlled by means other than price. These forms of control are adopted deliberately or by default, usually unrecognized and very often unproclaimed. We tend to deny that the demand for health care is unlimited. We assume that there is a need and that if that need is met there will be no further demand.

Let us consider some of the advances in the health care field. If a kidney machine benefits one person, there are many more whom it would benefit. More of these machines are required. If a heart-lung machine benefits one person, there are many others whom it would benefit. So we require many more of these machines. If the availability of health care increases, so also does the demand for health care increase. There is no limit to the amount of health care an individual is capable of absorbing. We would all benefit if our ailments were treated sooner.

There is a vast range in the quality of care provided by a general practitioner and a specialist. There is a wide range of alternative treatment involving skill, care, and all the other things that go with it. In the health care field we have improved the survival rate of our people, In short, the appetite for medical treatment is unlimited. There are many other good things in life, but limits are placed on these by the impersonal force of circumstances in most cases. When human needs become good things, public responsibility is taken for supplying them.

The supplying of food and clothing which, while much more necessary than health care, are not regarded in the same light. It is characteristic of health care today that its public position is exceptionally problematic. The demand for health care is not only potentially unlimited but is also by nature not capable of being limited in a precise and intelligble way. We might compare it to education where again demand is also unlimited. It can be limited by the fact that children go to school in a certain age group. It can be limited by the nature of the subjects that are taught and by the fact that the size of classes is limited. In other words, in education we limit the quantity and quality of demand even though the demand is unlimited. There is no similar situation in respect of health care and there are no similar criteria for health care which can be introduced. Popularly the need for any criteria at all is strongly opposed by many people.

• (4:40 p.m.)

I would like to point out that in the implementation of medicare the federal government has been guilty certainly of a lack of consideration and inconsiderate application of the act. No attempt has been made in any

way to ascertain priorities in the health care field. All provinces which have attempted to approach the federal government with plans based on some control and limitation of demand have been turned down, as witnessed by the situation in my own province of Manitoba. When it brought forward a plan which would have created some limitation it was turned down by the federal government.

So there is great necessity for the government to observe these medicare and hospitalization programs with a view to limiting expenditures. In my view the government has done very little in this field. In the committee on finance the minister stated that he, along with the health ministers of the various provincial governments, was looking into medicare and hospitalization in an attempt to define the economics and how far and in what manner health care facilities should be made available to our people. This is a belated recognition that health care has to be limited by the amount of money there is available. It seems important to me that the federal government should decide how much money the taxpayers and the government can afford to allocate to health care, and in turn work out with the provinces what this money will bring in the way of care for our people. Unless this is done I am quite sure we will be faced with an ever-mounting bill for medical care.

The present medicare system as inaugurated in Manitoba, which is an open-end plan, could produce a great deal of havoc financially. There is still time for the federal government, with the provinces of Quebec and Ontario, the two largest in the country, coming into the plan, to work out some curtailment or limitation beyond which the taxpayer will not be charged. Unless this is done there is no limitation on the amount of money these health care facilities will demand. With this belief, I would ask the minister to speed up his consultations with the provincial ministers of health and finance, and to reach some sort of agreement in this field in order that our shared-cost programs can be kept within manageable limits.

Mr. John Burton (Regina East): Mr. Speaker, the income tax amendments now before the house expose in stark nakedness the sham and the fraud of the government's claims of working toward a just society. It is no wonder they waited seven months after the budget to introduce the bill.

The social development tax provided for in the bill represents the negation of any acceptable concept of a just society. It was difficult to believe the minister on that dark night last October when he first blandly placed his proposal before the house. No doubt the concept of this tax reflects the Prime Minister's expressed concern that the rich are being taxed too much. No amount of rationalization can reconcile this tax with a just society.

Whatever justification might be made for the need for more revenue, nothing can justify the form in which this tax is being imposed. It is a regressive tax. It is one regressive tax added on top of another regressive tax—the old age security tax. The need for more revenue cannot be reconciled with an unjust, regressive tax imposition.

The imposition of a new levy of this nature at this time creates another problem. It helps to further distort the tax structure. At present Canada has an income tax system badly in need of reform. The Carter report pointed out many of the inequities and inconsistencies in the present system. Whatever element of fairness or justice may be present in the existing income tax structure is largely negated by the old age security tax. Now it is the intention of the government to distort the structure further with this new levy.

A further question arises. The government has promised a white paper on tax reform. Like a will-o'-the-wisp, the date for its presentation keeps receding in the distance. What does this measure portend of things to come? Will the government's proposals really be reform in nature? Will this measure not make it more difficult to effect real reforms? Reforms are not made by putting them off until tomorrow; they are made by starting now. I urge the minister to turn over a new leaf before it is too late by withdrawing this bill and introducing a more equitable measure. I use the phrase "before it is too late" quite deliberately. A continuation of injustice and unfairness, together with new measures which add to the tax burden of those on lower incomes, can only lead to disillusionment with government and with the role to be played through public affairs in correcting the ills of our society.

A second major feature of the bill now before us has to do with the taxation of life insurance companies. At first glance, this may appear to be a tempting morsel designed in part to counteract the adverse reaction resulting from the introduction of the social development tax. Indeed, there is some merit in the amendments as they apply to life insurance companies. Indeed, my understanding

is that many of the amendments are consistent with the recommendations of the Carter commission. In so far as these amendments remove some of the unfair advantages enjoyed far too long by life insurance companies, they may be commended.

However, in my view these amendments must be considered in a far broader context. They must be considered within the context of the role played by life insurance companies in the economy. Life insurance companies are a major instrument in our economy for mobilizing and organizing the savings of the economy and channelling them for investment purposes. In the past this industry was able to accomplish this with the advantage of special tax concessions as well as with the active compliance of government. Some of the special advantages and concessions are now being removed, but the basic role of life insurance companies still remains and their control over the economy remains.

Mr. Speaker, I should like to draw your attention to the extent of the privileges enjoyed by life insurance companies in the past by quoting from the *Financial Times* of May 5, 1969. The *Financial Times*, in commenting on the legislation before us at present, stated:

> Life companies had been almost immune from corporation tax because the law—and the revenue department—were so generous. Only income actually credited to the shareholders was taxable. Most of the large Canadian insurers have been mutualized and hence needed to make no transfers to their shareholders. Any kind of transfer to reserve was allowed, tax free.
>
> Foreign insurance companies were even better off because it was so hard to determine how much Canadian income was being credited to their shareholders.

The Carter commission noted the importance of life insurance companies in the Canadian economy when it stated, and I quote from volume 4 at page 402:

> The importance of the life insurance business is indicated by the fact that the total assets employed by Canadian life insurance companies in Canada and elsewhere at the end of 1964 amounted to over $11 billion, primarily in mortgage loans and bonds. The net investment earnings for that year from assets in Canada amounted to approximately $410 million for Canadian companies, and approximately $140 million for non-resident companies.

Of course these figures would be considerably larger today.

It has been recognized in many quarters that with the high degree of organization in the life insurance industry, many Canadians are vastly overinsured and, in some cases, wrongly insured. The result is that a part of the resources of many Canadians is diverted into a less useful channel than it might be. These people—the boards of life insurance companies—in many cases hold a large degree of economic control over individuals, communities and even the nation.

• (4:50 p.m.)

It is this power that I question. I feel that the entire field of life insurance operations needs to be subjected to a thorough public investigation. The implication of the legislation now before us is that while certain preferential treatment is being removed, the status and role of life insurance companies remains unchanged; they will process the same degree of control and power as previously.

I think the day has come when we should consider a complete overhaul of the life insurance industry. There is no reason why the industry should not be operated as some form of public utility and considered as such. The desirability and necessity of life insurance is recognized. The Carter commission stated:

> Life insurance exists because of the desire of individuals to provide for their financial responsibilities upon death.

Anyone will recognize that life insurance companies have gone far beyond that role in soliciting business. Of greatest concern to myself is the control exercised by life insurance companies in the economy. Today, life insurance companies invest heavily in stocks and equity capital, which gives them a degree of direct stockholder and director control over many concerns. This is a significant change from the days when life insurance companies concentrated on bonds and similar securities. Those investments were such that the life insurance company simply provided the necessary capital to implement decisions taken by independent companies or by government. Today, the growing scope of stock operations by life insurance companies enables them to use other people's money, the policyholders' mainly, to exert a large degree of control over the economy.

There is one other aspect of the operations of life insurance companies which I think is of great concern to all of us in this house. We have in the last number of months and years heard a great deal of comment about the dangers and degree of foreign investment and control in Canada. We have also heard it suggested that there is need for foreign capital if Canada is to maintain an adequate level of

economic development. This is used as justification for the maintenance of the present policy and pattern whereby there are large inflows of capital into Canada from other countries, particularly the United States.

If we are to achieve an adequate level of development and control by Canadians we must find some way of changing this pattern. The fact is—I think this has been demonstrated quite clearly—that Canada can finance its own economic development; it does have the necessary resources with which to do so, contrary to statements made by some people. However, the life insurance companies are playing a very dangerous and important role in this entire picture by contributing to an outflow of capital from Canada which would otherwise be used in Canada and should remain here to help foster our economic growth and development.

I suggest it is time to stop the abuse of powers, at present enjoyed by life insurance companies, by a very small group of corporate individuals and corporations. I suggest that Canada should control its own economic destiny. The financial wherewithal to bring about economic development is one of the essentials in controlling our destiny. I suggest it is time we stopped the outflow of capital, which is largely contributed to by the life insurance companies, if we are to change the direction of Canadian development and the pattern of the Canadian economy.

I would like to make one or two other comments with respect to the operations of life insurance companies. We have heard it suggested in the past, particularly through the advertising that is put out by life insurance companies—I refer to the very slick ads that we see on television and other news media—that they are the very epitome of efficiency, that they are the bulwark of the nation, that they are the institutions upon which Canadians can depend for their future. I found it very interesting to read a comment made in the *Underwriter News* recently, as quoted in the *Globe and Mail* of April 30, 1969. Mr. Kayler, an official in the life insurance industry, commented as follows:

> I submit that the Benson budget will prove to be one of the greatest aids of this century to the growth of the life insurance business . . . The bulk of the new tax package falls directly upon the life companies, although it will ultimately affect the consumer. Thus, for virtually the first time in Canada, the stark reality of taxation will challenge the top management of the life insurance industry to increase efficiency and develop better ways of serving the buying public.

He went on to say:

> This challenge of the Benson budget could not have come at a better time, because it will force the industry to develop its greatest asset, the energy, skill and creative imagination of its people—
>
> Mr. Benson has done us a favour. This is exactly what we needed to force us to get on the ball and tool up to meet not only the new tax system but all the opportunities that lie before the life insurance business.

I suggest that in this statement a prominent official of the life insurance industry admitted that the industry was not operating at its best, was not operating with the greatest possible degree of efficiency, and that it sees in this legislation no impediment to its continued growth, not for the sake of the policyholders but for the sake of the corporate control which it already exercises over the Canadian economy. In conclusion, Mr. Speaker, I should like to quote from a recent statement by Mr. Poyntz, chairman of the Imperial Life Assurance Company of Canada, as quoted in the Toronto *Star*:

> Our money belongs to our policyholders . . . The tax cannot be paid by anyone else—

He made this statement when referring to the new tax which will be imposed if this measure is passed. I suggest that the principle he enunciated should apply not only to the matter of taxation, but the fact that it is the policyholders' money, the people's money, should be applied to the whole matter of investment policy carried on by insurance companies.

Thus, Mr. Speaker, I suggest the need for a change of direction in the entire structure and operation of the life insurance industry in Canada. As I stated before, I suggest that the life insurance industry needs a public investigation. I suggest it is abusing its position and hurting the Canadian economy. It needs a complete reorganization. I suggest it should be operated as a public utility, the form of which can be worked out in the future. I believe this is a critical problem which requires the urgent attention of all of us, and in particular the government of Canada.

The Acting Speaker (Mr. Béchard): Is the house ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Béchard): Is it the pleasure of the house to adopt the said amendment?

Some hon. Members: Carried.

Some hon. Members: No.

Division

The Acting Speaker (Mr. Béchard): All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Béchard): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Béchard): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Béchard): Call in the members.

The house divided on the amendment (Mr. Knowles, Winnipeg North Centre) which was negatived on the following division:

• (5:00 p.m.)

YEAS

Messrs.

Barnett
Beaudoin
Bell
Benjamin
Bigg
Broadbent
Burton
Caouette
Code
Comeau
Crouse
Danforth
Dinsdale
Dionne
Douglas (Nanaimo-Cowichan-The Islands)
Gilbert
Godin
Hales
Harding
Harkness
Hees
Howard (Skeena)
Howe
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Laprise
Lundrigan
MacEwan
MacInnis
MacLean
Macquarrie
McCleave
McCutcheon
McIntosh
McKinley
McQuaid
Mather
Mazankowski
Monteith
Muir (Cape Breton-The Sydneys)
Nesbitt
Nielsen
Noble
Paproski
Peddle
Ricard
Ritchie
Rodrigue
Rose
Rynard
Saltsman
Schumacher
Scott
Skoberg
Stanfield
Stewart (Marquette)
Tétrault
Thomas (Moncton)
Thompson
Winch
Woolliams
Yewchuk—62.

NAYS

Messrs.

Allmand
Andras
Badanai
Basford
Béchard
Benson
Blouin
Borrie
Brown
Caccia
Cadieux (Labelle)
Cantin
Clermont
Corbin
Côté (Longueuil)
Crossman
Cyr
Davis
Deachman
Drury
Dubé
Duquet
Émard
Forest
Forget
Gendron
Gervais
Gibson
Gillespie
Givens
Goode
Gray
Greene
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Hogarth
Hopkins
Howard (Okanagan Boundary)
Hymmen
Jamieson
Jerome
Kierans
Lachance
Laflamme
Laing
Lang
Langlois
Laniel
Legault
Lessard (LaSalle)
Loiselle
Macdonald (Rosedale)
MacEachen
MacGuigan
Mackasey
McIlraith
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Mongrain
Morison
Munro
Murphy
Noël
Olson
Orange
Osler
Ouellet
Pelletier
Perrault
Pilon
Portelance
Prud'homme
Reid
Roberts
Robinson
Rochon
Ryan
Stafford
Stanbury
Stewart (Cochrane)
Sulatycky
Sullivan
Tolmie
Trudeau
Trudel
Turner (London East)
Turner (Ottawa-Carleton)
Wahn
Walker
Watson
Weatherhead
Whelan
Whiting
Yanakis—95.

• (5:30 p.m.)

Mr. Deputy Speaker: I declare the amendment lost. The question is on the main motion.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, before we deal with the main motion, there are a few things I would like to say about this bill. I think perhaps viewing the actions of the government from outside the house for a brief period gives one a healthier perspective of what is going on in this place than perhaps one can sometimes achieve inside it. One of the results of my observations of what has happened since June, 1968, has been that introduction of this particular measure has reaffirmed the view I have come to hold with regard to the functioning and the main purpose of the Liberal Party.

At other times and in other places, I have come to the conclusion the principle objective of the Liberal Party over the years has always been primarily to do what they could

to keep the world safe for millionaires. As an ancillary to that objective, they are prepared to use almost any means in order to maintain themselves in the position of power in this chamber. As a secondary result of that objective of retaining power, from time to time they did condescend to drop a few crumbs from the rich man's table to the ordinary people of Canada. Apparently as a result of the election of last June the Liberal Party decided they need no longer even think about dropping crumbs, at least in the foreseeable future. They are now making in parliament an attempt, in the form of this 2 per cent tax, to get back what was denied them before the election.

There may not be quite the strength on this side of the house in opposition to this kind of taxation proposal that there was before the mid-summer madness of last June, but in the minds of some of us the proposal which has now been brought forward is at least as objectionable as the tax against which some of us voted prior to the last election. The result of that vote was a saving to the poorer people of Canada for at least a period of time. The government is now seeking to reimpose this levy.

• (5:40 p.m.)

I have been looking at this bill and I do not ever recall having seen a piece of legislation which was a more flagrant and scurrilous piece of Liberal Party propaganda than the clause which sets out the imposition of this 2 per cent tax. To label this a social development tax is to mislead the Canadian people as to what this government has in mind. The mere fact that term has been applied to this particular surtax on the income tax bears out what I have said with regard to the Liberal Party's desire to use any and all means to maintain themselves in power. This kind of P.R. approach may have some justification at the height of an election campaign, but to try to incorporate it into the serious legislative proposals which are put before parliament for its consideration is an insult to this institution and to the citizens whom we come here to represent.

Mr. Benson: Would the hon. member permit a question? Does he realize that $5 billion out of the total of $11 billion raised by the federal government is spent on social development programs?

Mr. Barnett: I am sorry, Mr. Speaker, but I could not quite follow the minister's remark.

Mr. Benson: I simply asked the hon. member, does he realize that $5 billion out of the total of $11 billion raised by the federal government is now spent on social development programs?

Mr. Barnett: Mr. Speaker, I certainly realize that certain expenditures are made from the federal treasury on the provision of various kinds of social services. Nobody quarrels with that fact, but for the minister to try to suggest that this tax levy is being paid to expand social services, particularly in the light of the government's refusal to move one step in that direction since assuming office, confirms the argument I am making.

Mr. Benson: Would the hon. member permit another question? Does he realize that additional payments during the last fiscal year for social development programs amounted to $450 million, which is more than is being raised by this tax?

Mr. Barnett: Mr. Speaker, the minister can bandy figures about of greater or lesser amounts paid to the provinces. I have heard statements of this kind on many occasions, and to me they mean neither more nor less, coming from this minister, than they meant in the past.

The minister knows as well as I do that this tax is not allocated for social development. It goes into the consolidated revenue of Canada, and it is a tax burden placed on the people of Canada who are least able to pay it. So I felt I should rise to express my views on this tax, on the approach that the government has taken since assuming office, and my feeling, which is shared by an increasing number of Canadians, that far from moving toward the just society the government, by its actions and in particular by its tax proposals, is moving in exactly the opposite direction. That is why some of us are opposed to this measure.

One can amplify this argument in many directions. The unfairness of the ceiling that is imposed by this proposal has been referred to many times, and I do not need to repeat what has been said. The fact remains, and my colleague the hon. member for Waterloo (Mr. Saltsman) touched on it the other evening, that not only has the government completely ignored the recommendations of the Carter commission but, in spite of its talk about a just society, it has ignored even the most glaring inequalities and injustices that exist in the Income Tax Act.

My colleague referred to the unfair imposition of taxes so far as wages and salaries are

concerned. I remind the house that the Minister of Finance by his action in introducing this bill has ignored not only Mr. Carter's statements but a statement by a Liberal finance minister in this house as long ago as 1956. At that time the then Minister of Finance, the Hon. Walter Harris, admitted to me across the floor of the house that there was a discrimination in section 5 of the Income Tax Act against those whose source of income is wages or salaries and said that the government was considering doing something about it. That is 13 years ago and we have had successive Ministers of Finance since then. I presume that the present minister, if I question him across the floor in committee of the whole as I may well do, will blandly admit that the government is still considering doing something about it.

When we are dealing with the principle of this bill we should register our strong disagreement with the bland tactics of the minister and his predecessors in regard to taking action. Kind words, saying that an idea will be considered, are not enough. Any reality that there may be in such suggestions is denied by the very tax measures the government introduces, of which this is the latest and perhaps most glaring example.

I would have thought that the Prime Minister (Mr. Trudeau), who was on the sidelines during discussion of the income tax bill which was defeated on third reading, despite the headiness of his victory at the polls might have taken some note of the views expressed in the house during the debate which led to the defeat of that previous tax measure. I suggest that the defeat of that bill and the blatant introduction of this bill in a new parliament will live to haunt the present Prime Minister.

Sooner or later the ordinary people of Canada are going to wake up to the kind of double-talk the Liberal party has been giving them. This is why I am pointing out that the labelling of this surtax as a social development tax cannot disguise its real nature from the people of Canada. It places an additional burden on the very group in our society that the Carter Commission said were already overburdened.

Canadians would like to have honesty and straightforwardness from their governments. No one in this party has ever tried to argue that we should not tell the Canadian people that proposals made from time to time to provide public services will cost them money. In fact, of all the groups in the house this party has laid the greatest emphasis on the fact that nothing can be had in this life for nothing and that where public benefits are provided they must be paid for. What percentage of one's income should be devoted to expenditures by citizens as a whole and what percentage should be available for personal spending is, of course, a debatable question.

The hon. member for Pembina (Mr. Bigg), who recently voted with the socialists and was kidded about it, argued that too much of our personal incomes is taken away through taxation. This is a matter of judgment, of evaluation, and can properly be a subject matter for debate.

• (5:50 p.m.)

Another subject matter for debate, which is perhaps equally if not more serious, concerns whether or not the taxes we pay are levied in accordance with the principle of ability to pay. I do not know whether the hon. member for Pembina would quarrel with my point of view—he did not deal with the matter in his speech—but I have the feeling that he would agree with me in some measure that taxes should bear some realistic relationship to the ability of individuals to pay. Perhaps he would agree with me that on this point we have something in common because the actions of the present government, not only in respect of this bill but also in respect of certain other proposals, have consistently been moving us farther and farther from the principle of taxation according to ability to pay. I do not know of any other single matter on which my constituents have expressed more concern than the type of taxation put forward in this bill.

Despite the virulent propaganda put out against the proposals of the Carter commission by those interests which felt that their preferred position in the tax field might be threatened if its proposals were implemented and despite the fact that many well meaning citizens swallowed that propaganda, I believe more and more the idea is registering with the ordinary people of Canada that Mr. Carter really had something and that despite his own personal background he made an honest and constructive effort to bring forward proposals that would rectify the inequities in our present taxation system. I believe they found in him a spokesman.

It seems incredible to me that with all the powers of analysis and scrutiny the Minister of Finance and the government have at their command, their first tax measure, having had the opportunity to analyse and scrutinize the proposals of the Carter commission report, should move in a direction directly opposite

to that which Mr. Carter recommended. While the many pages of this bill contain complicated taxation proposals which one may or may not agree move in a proper direction, on this particular aspect of the bill there can be no question but that the government of Canada has shown callous indifference to the position of the ordinary wage earner, has firmly turned its back on moving in the direction of removing the inequities in the present Income Tax Act, and has set its course to make taxation sweeter for the wealthy, the powerful and the great multi-million dollar corporations which seems to dominate our economy so much today.

The minister talked about payments to the provinces in the field of social measures. On the other hand, every so often there are statements by the Prime Minister and various other sources within the government suggesting that they intend to withdraw from participation with the provinces in carrying on such programs as medicare. Before this debate is concluded would the Minister of Finance like to tell us whether, if they withdraw from medicare, they will remove this tax? Would the Minister of Finance like to tell us whether, if they withdraw from that program, they are prepared to eliminate the tax inequities borne by those who derive their incomes from wages and salaries? Certainly he gives very little indication that he is even concerned about or recognizes that inequity exists when he tries, as he did, to get me to agree that somehow or other the purpose of this proposal is to meet a rising level of payments to the provinces.

We in this part of the house do not intend to be fooled by that kind of talk. We intend to do our part in the discussion of this measure to try to defeat it but at least to make the government of Canada aware that we oppose it and make the people of Canada aware of the fact that the Prime Minister, who talks about a just society, is moving in the opposite direction in these tax proposals which he has allowed the Minister of Finance to bring in. Mr. Speaker, may I call it six o'clock?

The Acting Speaker (Mr. Béchard): Is the house ready for the question?

Mr. Knowles (Winnipeg North Centre): Six o'clock.

The Acting Speaker (Mr. Béchard): It being six o'clock I do now leave the chair until eight o'clock.

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. E. J. Benson (Minister of Finance) moved:

That this house approves in general the budgetary policy of the government.

He said:

Mr. Speaker:

When I presented my first budget to this House last October, I suggested that we had to ensure a sound economic and financial base from which the country might move forward through a new period of growth and social progress. From the review which I shall give tonight, I think it will be evident that we are well launched upon this course. The hard decisions taken seven months ago, regarding both expenditure control and difficult tax measures, are now paying off. As a result, after a lengthy period of difficulty, we are now getting a firmer grip upon the national finances and bringing them under more effective control.

It will be recalled that last October I had to submit a revised fiscal statement for 1968-69, taking particular account of substantial increases in expenditure which could not be avoided. While budget balance was a desirable goal, I felt at that time that drastic attempts to raise the necessary revenues over a short period would disrupt the whole Canadian economy, and it was therefore preferable to plan for budget balance in 1969-70. Tonight I am able to confirm that we now expect not only to meet but to surpass our target.

Nevertheless, it is also apparent that developments in the economy will not let us be complacent. Rather, the vigor of the current economic expansion and the persistence of strong inflationary tides necessitate a reassessment of our position. They lead in turn to further important decisions on the course of fiscal policy for the period ahead.

Out-turn for Fiscal 1968-69

I turn first to a brief review of the background in fiscal 1968-69. Both the economic setting and the financial results of the past year have been described in detail in the

Budget Papers tabled last Tuesday. The main highlights were the emergence of a strong upswing in the economy, a faster increase in revenues than had been anticipated, and some results from rigorous control over expenditure. Consequently, the actual budgetary deficit was not only substantially reduced from the previous fiscal year, but it was also brought down by $109 million below the level foreseen in the October budget.

The preliminary figures also show that while total expenditures rose by some 9 per cent, half of this increase was accounted for by larger payments to the provinces. These payments, both in the form of unconditional fiscal transfers and in grants for shared-cost programs in health, welfare and education, rose by over $450 million, an increase of some 27 per cent. Additional public debt charges accounted for a further $178 million. The increase for all other federal programs and services provided through the budget was held down to less than 4 per cent, less than the rate of increase in pay and prices in the country as a whole. Despite all that has been said to the contrary, I believe that this result provides clear evidence of the success of our efforts to limit expenditures and cut back wherever there has been scope to do so.

• (8:10 p.m.)

In October I estimated that our net extra-budgetary cash requirements during the fiscal year 1968-69, apart from the financing of our exchange reserves, would be about $600 million. This took into account loans for housing, farm credit, power projects, etc. as well as the requirements of our crown corporations for their investment programs. In fact these loans and investments turned out to be somewhat less than I anticipated in October. As a result the net requirements for all extra-budgetary purposes other than exchange transactions, and one unforeseen extra-budgetary receipt which I shall mention, are now estimated to have totalled approximately $380 million. The special item to which I referred was the amount charged to last year's expenditures for delayed retroactive wage payments of $111 million. The cash was not paid out in the last fiscal year but was credited as noted in the White Paper to a liability account in a manner to offset the expenditure item and reflect the fact that no cash disbursement was made. In addition we did have requirements between October and March 31st to finance foreign exchange transactions. These and the salaries adjustment item offset roughly any reductions made in our loans and advances.

A summary of budgetary and non-budgetary transactions and the changes in our cash position in the fiscal year 1968-69 is set out in Table 1 of Part II of the White Paper on page 164. Overall cash requirements of approximately $1.9 billion were financed mainly by an increase of approximately $1.5 billion in unmatured debt outstanding, inclusive of foreign loans obtained last May to add to our exchange reserves. The remainder of our requirements were financed by drawing down our bank balances by about $400 million, leaving them on March 31st last at about $600 million.

Economic Trend and Prospect

As for the state of the economy, one of the most important highlights detailed in the Budget Papers was the gathering momentum of activity toward the end of 1968, and the carrying forward of a strong advance into the current year. All elements of demand—consumer expenditure, capital investment, exports and total public spending—have contributed to the acceleration. Real production has turned strongly upward and unemployment, which reached a high point of 5 per cent in the middle of last year, has since declined. There have also been a number of important developments in our trade, the balance of international payments, and our foreign exchange position, especially in regard to arrangements with the United States. These have been set out in the Budget Papers, and it will not be necessary for me to review them in speaking this evening.

Looking forward at this time to the balance of the present year, we can now expect a growth rate stronger than in 1968 and considerably stronger than we anticipated last October. With a gain in employment of about 4 per cent, an advance in real output of better than 5 per cent, and assuming an increase in prices about the same as last year, the gross national product is likely to rise by 9 per cent.

This strong expansion is of course welcome, but the main problem is obvious. Although the rate of increase in the price index of the gross national product as a whole has subsided from its peak in 1966, the persistent year-to-year rise in prices and costs is unacceptably high. Further, the very strength of the current expansion clearly aggravates the threat of intensified inflationary pressure,

with all of its attendant evils. I emphasized this dangerous prospect last October. In opting for a policy of fiscal restraint, I spoke at some length about the serious and damaging effects caused by a rapid rise in prices and costs on the scale experienced in recent years. Most of these damaging effects—the injustices visited upon the poorest and weakest groups in our society, the undermining of the productive market system, the erosion of our ability to compete abroad, the disruption of the essential flow of savings and investment through the capital markets—have been painfully evident to us all. There can be no question that the number one priority in economic policy today must be to deploy all available forces—public and private—more aggressively than ever in the battle against inflation in Canada.

In recent months the influence of international price trends upon our domestic price performance has become increasingly important. Hon. members need not be reminded of the key role played by prices in our external trade and of the importance of remaining competitive with other countries. With exports of some $17 billion, equal to one-quarter of our gross national product, Canada, of course, is one of the world's great trading nations. We all know that we must not let our prices advance more rapidly than those of other countries. At the same time, we also have to recognize that our vast economic and financial relationships with the rest of the world lead to the spreading of price movements from country to country. We cannot hope to insulate ourselves completely from these influences.

Over the past year, however, the problem of price inflation has been of concern not only to Canadians, but to most of the countries with whom we trade. In the United States, price increases have recently been running higher than those in Canada and strong measures have been adopted there to contain the problem, with difficult consequences for our capital markets. Among other major trading nations, Britain, France and Japan are encountering an advance in prices higher than the rise being experienced in this country. In Germany and Italy, the only two major economies where price increases are lower than those in Canada, it is expected that the rate of price inflation will be more severe in the present year than last year.

Looked at from this perspective, it is not surprising that we have found it so difficult in Canada to make progress in checking price increases as effectively as we would have hoped. Nevertheless we cannot afford to relax our efforts. Major steps are under way on a worldwide basis to reduce inflationary pressures. In the United States especially it is widely anticipated that the restrictive fiscal policy and, in particular, the tough monetary policy now being followed will begin to take hold and slow the rate of price advance significantly before the end of the year. The success of other countries' policies will help us in our own efforts. At the same time it makes the successful achievement of a better price performance here in Canada even more urgent and compelling, I believe.

• (8:20 p.m.)

In this regard, I am confident that the establishment of the Price and Incomes Commission recently announced by my colleague, the Minister of Consumer and Corporate Affairs, represents an important step forward. In too many cases not enough is known as to why the prices we have to pay have risen. Still less is known as to what can be done about the problem, fairly and effectively, in a free market economy which we have in this country. Adding to our understanding and knowledge is the task of the Commission, and in carrying out that task it is bound to point in the direction of relevant and acceptable solutions. It will, I am sure, help all of us to recognize and adjust to the inescapable fact that we cannot expect unrealistic gains in our incomes year after year.

There have been suggestions that because the Commission is not empowered to intervene in particular price and income decisions, for example, in a price or wage increase in a single company, it cannot exert much influence. This is a mistaken view. It fails to recognize the procedures for referral of reports to the Parliamentary Committee, the armoury of formal and informal weapons available to governments, and the powerful thrust of public opinion once it has been focused upon a clearly defined issue. To argue that the work and stimulus of the Commission will be ineffective is to argue that Parliament, government, and the Canadian people themselves are ineffective. I do not agree. I believe, as Dr. Young, the Chairman of the Commission, has put it, that "those who are betting on a high rate of price increase will prove to be wrong".

Fiscal Outlook, 1969-70

I come now to the question of the fiscal outlook for 1969-70, as revised on the basis of the most recent information. In looking ahead last October over a period of eighteen months, I felt it wise to be particularly cautious in budget forecasting. Revenues were put at $11,675 million, and expenditures at $11,670 million, for a nominal surplus of $5 million. However, the buoyancy of the economy and the tax measures introduced in October are now forecast to produce a year-to-year growth of revenues, before any budget changes to be announced tonight, of about $1,870 million bringing them to a fiscal year total of $12,040 million. The yield of income taxes, both individual and corporate, should be particularly strong, offsetting the slower growth of other revenues attributable to such factors as the reduction of tariffs and the cancellation of sales taxes on drugs and production machinery introduced two years ago by my predecessor.

As for expenditures, I am still confident that these will remain within the limit of $11,670 million previously forecast. We will not spend the total amount originally budgeted for medicare since a number of the provinces will be joining in the program later than assumed. In other shared-cost programs, we have had excellent co-operation from the provinces in the forecasting of their expenditures and in their own efforts to contain rising costs, so that the major problems encountered last year are not likely to be repeated. A number of small, but urgently necessary supplementals have to be anticipated, for example, emergency assistance to Newfoundland fishermen, and additional sums for the education and welfare of Indian Canadians. Some over-runs on statutory items are also expected, including advance payments on farm-stored grain and interest costs on loans for students. The largest of these, however—about $39 million—is an increase in equalization payments to Quebec, the Atlantic Provinces and Manitoba, caused mainly by the stronger-than-expected advance in the yields of provincial taxes. The next largest increase over items as originally forecast is in the cost of servicing the public debt, because of higher interest rates. Taking these and other uncertainties into account, it now appears that total expenditures can be held to $11,650 million, which is $20 million less than I provided for in October.

[Mr. Benson.]

As a result, the outlook before any budgetary changes to be announced tonight, is for a substantial surplus of some $390 million. I might note that while the federal budget was essentially balanced in both 1964-65 and 1965-66, under Prime Minister Pearson, the substantial surplus now foreseen will be the first actual surplus realized since the administration of Prime Minister St. Laurent in 1956-57.

Impact of Fiscal Policy

I have given considerable thought to the impact of this prospective surplus, not only upon our finances but also upon the national economy. Obviously, as I shall detail later, it will be of great assistance in enabling us to meet our large extra-budgetary lending programs for housing construction, farm credit, atomic energy and Atlantic power development, export credits and so forth. This is most important at a time when borrowing is very difficult for everyone.

The size of the surplus also accentuates the very sharp swing in the impact of fiscal policy upon the economy. Taken together with the deficit of $566 million experienced in the last fiscal year, the swing amounts to a total of nearly one billion dollars, considerably more than one per cent of the G.N.P. It can be regarded as a very substantial budgetary restraint upon the growth of total demand in the economy, and provides a powerful general check upon the inflationary forces pushing up prices and costs in the economy. A fiscal policy of restraint, as expressed in a surplus of this size, combined with a restrictive monetary policy which the circumstances of North America have made necessary, should be an effective combination to overcome persistent inflationary pressures in our Country. An undue portion of the necessary overall restraint cannot be left to be accomplished only by monetary policy in an economy where a large, continuing flow of savings through the capital market for both private and public investment is of major importance. From every point of view I am convinced that maintaining a strong fiscal position is now essential to check the rise in prices and smooth the way toward more balanced and sustained economic growth.

For these reasons I have given no consideration to a reduction of taxes, attractive as such a prospect might be. On the contrary, so important is it not to relax the fiscal brakes exerted by the present structure of income taxes upon inflationary forces in the economy,

that I have concluded they should be maintained in full force for the period ahead. I am not proposing any increase in either personal or corporate tax rates beyond their current levels nor an increase in sales tax, but I am proposing tonight that the personal income tax surtax of 3 per cent on "basic tax" in excess of $200 and the corporation income surtax applicable for the years 1968 and 1969 should be extended until December 31, 1970. When the White Paper on tax reform has been discussed with the public and the provinces, and examined by Parliament, and the government decides upon the final tax proposals which it will submit to Parliament, it will be necessary to re-assess the need for these surtaxes in the light of the economic circumstances of that time. This proposed extension of the surcharges would increase budgetary revenues by some $25 million in this fiscal year, and if continued throughout the whole of 1970 would provide about $155 million next fiscal year.

• (8:30 p.m.)

In making this proposal tonight, I am mindful of the implication given last October that these surtaxes would be allowed to terminate as scheduled and that this was a factor in determining the series of tax measures then introduced. It will be clear to everyone, however, that the extension of the surtaxes at this time is required for the purposes of economic stabilization, and not for budgetary revenues.

Tax Reform

I now expect that the White Paper on the reform of the Income Tax, containing proposals I have been discussing with other Ministers during recent months, will be ready some time during the Parliamentary recess. I propose to issue it when it is ready and will send it immediately to all members. I shall also invite all parties in the House to have representatives meet with me and my officials at the time the White Paper is issued to ask questions about it and receive explanations. I shall also invite representatives of the provincial governments, who are of course very much interested in the proposals, to do the same. I think this procedure will assist members to prepare for the consideration of the White Paper in committee in the session commencing in the fall, as well as to deal with questions they may receive during the recess.

Selective Anti-Inflation Measures

I have also given careful attention to the fact that the current economic expansion is not evenly distributed across the country. This is reflected in rates of unemployment and economic growth, where long-standing differences among the regions continue to persist. This disparity is the basic problem now being attacked under the array of programs of the new Department of Regional Economic Expansion. The expansion and improvement of these programs is of course a major commitment of the government, and the more rapidly the House is able to pass the legislation establishing the Department and its new industrial incentives program, the more rapidly the Department will be able to get on with its very important job. In the short-term however, the Budget Papers point out that the rate of advance among the regions this year is mixed, even though inflationary increases in prices and costs are unfortunately widespread.

Under these conditions we have turned our attention to measures which might be directed in a more selective way to deal with particular problems. One of these is the need to increase the element of price competition and efficiency in the domestic economy. In too many cases the attitude is that cost increases, including large wage settlements, can be accepted because they can be easily passed on in higher prices to the consumer. This is a psychology which needs to be broken.

In considering this situation, we have concluded that a particularly useful and effective way of intensifying competition would be to put into effect immediately the remaining tariff reductions of the Kennedy Round.

To be specific: I propose that the final rates which were to come into effect on January 1, 1972, should come into effect as of tomorrow morning. This means that the remaining Kennedy Round tariff reductions which had not yet been given effect are to apply immediately. The reductions should amount on average to about three percentage points, on imports worth about $2 billion a year.

It may be useful if I remind the House of certain features of our Kennedy Round tariff reductions. In that negotiation the Canadian Government undertook to reduce tariffs on a wide range of raw materials, on semi-processed products, on components, and on final manufactured and consumer goods. It was the Government's view then, as stated by my predecessor, that the carefully selected

package of tariff reductions agreed to by Canada would, when fully implemented, contribute to the overall efficiency of the Canadian economy. We gain from such tariff cuts because of the greater efficiency required to meet keener competition; moreover, the tariff reductions on the products of one producer are, of course, reductions in the costs of others. Thus, aside from the improved access to foreign markets for Canadian producers negotiated in the Kennedy Round, the modernization and rationalization of the Canadian tariff achieved in the Kennedy Round context offered the prospect of reduced costs and improved efficiency.

Certain sectors of the Canadian tariff proposals were implemented without phasing—that is, they were implemented in one step. These included the tariff reductions on certain tropical products, the tariff reductions on certain wood products, the tariff reductions on chemicals and plastics and, perhaps most important of all, from the point of view of cutting costs, the modernization of the machinery tariff. Under the direction of the new Machinery and Equipment Advisory Board, Canadian industry has been able to secure at duty-free world prices a wide variety of machinery determined by the board not to be available from Canadian sources. This is now having an important impact in reducing Canadian production costs.

The remaining group of tariff reductions were to be staged over four years. Two-fifths of these reductions have already been made. In the present situation, in which there are continuing increases in both U.S. and Canadian costs and prices and a need to introduce more competition into the Canadian economy, the Government has concluded that the full benefits of the Kennedy Round tariff reductions should no longer be delayed.

I recognize that some producers will feel they are being denied the time for adjustment to increase competition, which the phasing of the Kennedy Round reductions would have provided. However, I believe that in today's climate, when failure to counter inflation holds its own risks for our competitive position, more time is not necessary for our producers to adapt themselves to these tariffs. I am confident that the whole economy will gain by the step we are taking.

• (8:40 p.m.)

A most important consideration before the Government in making this proposal is that the burden of adjustment and the pressure of increased competition will fall mainly on producers in the industrial centre of Canada. It is here that inflationary pressures are greatest. This is one of the principal reasons why the Government has decided to propose this measure rather than resort to any generalized tariff or tax measure, the burden of which might well have fallen with rather greater weight on those areas of the country where economic activity is still lagging behind central industrial Canada.

These reductions should, of course, be of importance to consumers, although the main effect will be, I think, to reduce producers' costs. There will be tariff reductions on canned meat, confectionery, biscuits, cereals, fruit juices, and some other foodstuffs. These immediate tariff reductions should help to keep down prices. There will be reductions too, on a number of consumer appliances, such as washing machines and dryers, power lawn mowers and television sets. In the textile sector there will be reductions on knitted fabrics and garments, and on synthetic fabrics. I believe the principal effect of these reductions will be to help our garment industry maintain its competitive position.

In the industrial sector one reduction will be the elimination of the present thirty cents per ton duty on coal. There will also be a number of important reductions in the tariff on semi-manufactured forms of non-ferrous metals.

I am making only one exception to the acceleration of these cuts. This will be on shoeboard, a paper product for which the tariff is scheduled to be reduced from 20 per cent to 5 per cent. The full period of four years is required for readjustment of the production facilities of this small industry to meet this more than usual tariff reduction.

Tourist Exemptions

I am also proposing changes to the two existing tariff items which provide free entry for goods brought in by Canadian residents returning from trips abroad. One of the tariff items now provides for a $25 exemption once every four months after an absence from Canada of not less than 48 hours. Under the second, Canadian residents returning from a point beyond the continental limits of North America after an absence of not less than 14 days may claim an additional exemption up to $75. If use is made of the second tariff item no further claim can be made under either tariff item for the next 12 months. These

exemptions have been at the $25 and $75 level since 1962.

The present provisions are misunderstood by many Canadians, including myself, returning from trips abroad and I have received a number of representations that they be modified. This evening I am proposing changes which will expand the current exemptions and which should also simplify administration. The $25 exemption after an absence of 48 hours, which now can be used once every four months should, I suggest, be available on a quarterly basis, and be completely independent of the annual exemption. There should be a $100 exemption each calendar year for Canadian residents returning from any country, including points in North America, after an absence of 12 days. These two exemptions would not be combined for the same trip abroad. Since it is intended to go to a calendar year basis, it is proposed that these changes come into effect on January 1, 1970.

In addition, I am proposing that there be a combined rate of 25 per cent for duties and taxes on goods valued up to $100, other than duty free goods, alcohol and tobacco, brought in by Canadians who have been out of the country for 48 hours and who on their return are either not entitled to an exemption or have purchased goods abroad in excess of their exemption. It is also suggested there be an exemption for those returning to Canada after an absence of 48 hours with goods, other than alcohol or tobacco, valued at no more than $5, which can be used by those not claiming the annual or quarterly exemption.

These latter provisions, which are to come into effect on a provisional basis tomorrow, will assist in speeding up customs procedures for returning Canadians. They will eliminate the need for customs officers to look up and check the rates of duty on innumerable small items, and the returning tourist—and he is a tourist only because of prosperity under a Liberal government—

Some hon. Members: Oh, oh.

Mr. Hees: You are not a good gag man; stick to the straight stuff.

Mr. Benson: The returning Tory tourist, tired and broke—

Some hon. Members: Oh oh.

Mr. Benson: —will know where he stands.

Taken all together, the changes in the tariff involve a loss of revenue estimated at about $50 million for the balance of the year, including a sales tax. This is no small loss of fiscal pressure. But it is more than offset by the leverage effects of the tariff cuts in reducing Canadian prices. The real impact of the cuts will be many, many times this amount. They will increase supplies, sharpen competition, reduce producers' costs, and strike directly at a wide range of prices.

Deferred Depreciation

A further measure is intended to deal in a selective way with a particular source of inflationary pressure in the economy. It is well known that under conditions of strong demand and expansion, the building industry typically tends to lead the upward movement of costs and prices. This year the survey of capital investment intentions indicates that the rise in new capital investment will be 9 per cent, with a high degree of concentration in Ontario where the forecast is for a gain of 13.7 per cent. In the longer-term, this investment is essential to provide expanded employment and productive capacity, but under present circumstances rapid changes add to current inflationary pressure, especially when they are highly localized. I have considered this problem at length and have concluded that a modest degree of restraint on some kinds of building would be appropriate.

I therefore propose that depreciation, or capital cost allowances, for tax purposes should be deferred for a period of two years on commercial buildings put in place up to the end of 1970. This would not apply to any form of housing, industrial building, utilities, or public institutions. Commercial building includes buildings for wholesale and retail trade and services, office structures, banks, financial institutions, and other commercial facilities such as hotels, theatres and service stations. Having in mind the disparity of regional conditions, however, this measure will not apply in those provinces where unemployment remains relatively high or where employment growth has been slower than the national average. Building in rural areas and in smaller towns and cities, which bear the effects of inflationary pressures but scarcely contribute to them, will also be totally exempt. The cut-off point will be a population size of 50,000 as recorded in the last census, and the boundaries of the areas affected will also be those defined in the 1966

census. The measure, therefore, will apply to major urban centres and census metropolitan areas in Ontario, Alberta and British Columbia. In these urban concentrations in aggregate, commercial building construction this year appeared likely to rise by more than 25 per cent, and total building construction by more than 10 per cent.

Some holding back of commercial building in these centres will therefore ease the pressure of demand upon construction supplies and resources. It should help to divert more funds and resources to essential housing, schools, and municipal works, and to the industrial plants and factories needed to produce the increasing flow of goods and commodities which remain the basis of our prosperity. The beneficial effects of this action will also spread to all parts of the country. At the same time it is the intention of the government so far as possible to defer major new construction for its purposes in the same areas.

Earlier experience with the deferral of capital cost allowance suggests that this kind of procedure can be effective and minimize the problems of taxpayer compliance. The action will not be retroactive, since projects for which a firm commitment has been made will be exempt. The urban areas in which it applies, as I have indicated, will be clear, as will the definition of commercial building. In the case of multi-purpose projects, the regulations will provide a clear and relatively simple method of pro-rating the floor-space involved. I am also confident that the measure will lead to some postponement of commercial construction, since the financial effect of deferred depreciation of two years is substantial. This fact will not escape the notice of the lending institutions.

(8:50 p.m.)

In making this proposal, I do not believe the construction industry as a whole, or its labour force, will be seriously affected. Nor do I suggest that commercial building is not important in the longer-run growth of our economy. It is clearly necessary for the wide range of services which account for an increasing proportion of our consumption and total employment. My main thought, however, is that when the demand for capital and resources is unduly high in particular areas, it makes sense to postpone those things which are less urgent to ensure the successful accomplishment of more important needs. If there is going to be overcrowding, it is better that it take place in stores, offices and banks than in homes and factories.

[Mr. Benson.]

With respect to a different matter entirely, I should also announce that I propose to extend the provisions of the Income Tax Act relating to the two-year write-off of the cost incurred by firms in the installation of water pollution control equipment. These provisions expire at the end of this year and I suggest that they be extended until the end of 1970.

User Charges and Airport Costs

A further measure of budgetary significance arises out of a general policy to ask those who benefit directly from services or facilities provided by the government to pay charges more in line with the direct costs involved. We already obtain about $200 million per annum from such user charges of various kinds, apart from postal charges but including rents for government property. In some cases these charges have not been recently revised to reflect current levels of costs or values of services, and we are carrying out a systematic review and revision of these charges. We shall probably introduce some new charges as well. In almost all cases this action can be taken under existing legislation. There is one important field, however, where legislation will be required to impose what will in effect be a tax. This relates to air transport.

It is well known that our expenditures on the construction, equipment, operation and maintenance of airports and other air transport facilities are now very large. In the last fiscal year they are estimated at $73 million. The revenue we obtain from user charges, rents, etc. of one kind and another related to airports and air transport facilities is far less—only about $41 million currently. In the general review I have mentioned, the Minister of Transport and the Treasury Board will be working out revised charges for various facilities and services. We have decided, however, on one measure which we believe should be enacted by Parliament as soon as possible to assist in providing more revenue in this field. We shall wish to consult the air carriers about detailed problems of defining and administering a measure of this kind before putting it forward to the House. Therefore tonight I am simply announcing the main lines of what we intend.

We propose that a charge, a tax, be levied on the price of tickets or other charges (such as charter hire) made by air carriers for carrying passengers in or from Canada on trips commencing with a date to be specified in the

legislation. We have worked out a tentative plan for such charges which we believe would yield revenues of about $20 million a year. The actual amount to be collected in this fiscal year will depend of course on how soon the proposal can be put into effect after the necessary consultations on details.

Further Tariff Amendments

I should also draw attention at this point to certain further amendments to the Tariff which relate to recent reports of the Tariff Board. The first of these reports dealt with machinery, apparatus and printing plates for the printing and allied industries. The proposed schedule of tariff items will result in a significant simplification of the existing tariff provisions for this equipment. The Tariff Board recommended continued duty-free entry for most of the printing equipment which is now free of duty and removal of the duty on a considerable range of other equipment. Although the Board recommended some increases in rates of duty, the net effect of the new schedule will be to reduce the amount of duties payable by the printing and allied industries.

The second report covered precision instruments and apparatus used in engineering, surveying, prospecting, drafting and metal-working. Most of these instruments and apparatus are not made in Canada. The revised tariff items represent a modernization and expansion of the scope of the existing items for this equipment. There are also some reductions in duty including a reduction from 9 per cent to 5 per cent M.F.N. on engineers', surveyors', and draftsmen's instruments and apparatus.

In the third report the Tariff Board dealt with the principle of providing duty free entry for certain goods because they are for religious, educational, scientific, literary or artistic purposes, or for the benefit of afflicted or handicapped persons or for use in ministering to such persons. The schedule I am tabling this evening will continue, consolidate and clarify provisions which now exist for the free entry of goods for the purposes I have just mentioned. It also adds certain specified goods to the list of articles which now come in free of duty when for use by afflicted or handicapped persons. There is also some broadening of the duty free entry privileges for hospitals.

Effect of Budget Changes

The several proposals I have outlined will leave the total revenue position for the current fiscal year changed by only a very small percentage. Taken together, I estimate their net effect to be a reduction in revenues of about $10-15 million. The really significant change, however, is that there is a shift in the overall impact of the budget to ensure that it will be as effective as possible in its restraint upon price and cost increases, especially in areas where they are more prevalent.

A further budgetary provision will also be appropriate under present circumstances. The final accounting for Expo '67 has now been carried out, and arrangements made for the settlement of the operating deficits incurred by the Expo Corporation, which Parliament will be asked to approve by legislation. The federal share of this deficit amounts to about $125 million, and I propose that this amount be written off completely as a budgetary charge during the current fiscal year.

Some hon. Members: Shame!

An hon. Member: The last of the big spenders!

Mr. Benson: In answer to my hon. friend, I should say the money was long ago spent. It is a matter of writing off the deficit, and not spending the money.

This will of course reduce the surplus on budgetary account, but will not affect our cash position. After the adjustment, the net budgetary surplus now foreseen for 1969-70 thus stands at some $250 million.

Federal-Provincial Relations

I should like to turn now briefly to the question of federal-provincial fiscal relations, and to the overall position of the public sector of the economy. The problems of joint occupancy of tax fields by the federal and provincial governments have continued to be the subject of vigorous debate. In our discussions with the provinces during the past winter, we have had to reiterate the firm view that the federal government cannot go on abating its taxes in order to provide painless revenues to the provinces. We have had to keep in mind both the rapid growth of our own expenditure commitments and the fact that our over-riding responsibility for stabilization policy makes it necessary for us to be able to make rapid and significant changes in income taxes. We must always bear in mind,

also, the fundamental principle of the responsibility of governments to account to those who elect them.

At the same time, both to minimize inconvenience to the taxpayers and to maintain as much consistincy, co-ordination and efficiency in tax policy as possible, we have renewed and widened the tax collection agreements with nine of the provinces. Under these agreements, we collect the great bulk of provincial personal and corporation tax—to an amount estimated for this year at about $1,500 million—at no financial cost to the provinces. They in turn agree to accept the federal definitions of taxable income, exemptions and the basic rate structure. But they are free to impose rates higher than the standard abatement at their own discretion.

• (9:00 p.m.)

At least six of the provinces have taken advantage of the flexibility provided in the agreements.

We have also discussed at length in a number of forums the existing co-operative arrangements in the major shared-cost programs for health insurance, welfare assistance and post-secondary education. While recognizing to the full the importance of these programs, reflecting as they do a liberal social conscience and the value of investment in human resources, both the provinces and ourselves cannot but be troubled by the extremely rapid growth of the expenditures involved. We have all been attempting to find ways to control costs and to improve the efficiency and productivity of these services as well as elsewhere.

As Honourable Members know, these questions were also discussed at the Constitutional Conference in February, and steps have now been taken toward a further formal review under the aegis of a re-activated federal-provincial Tax Structure Committee. One of the most important elements in these further discussions will be to determine how the arrangements now in effect for co-ordination in the income tax fields will be affected by the program of tax reform. Obviously, I am looking forward to the closest possible consultation and collaboration with the provinces in this vital regard over the months ahead.

I should add as well, Mr. Speaker, that despite the vigour of our debate with the provinces, I am much encouraged by the evidence of closer consultation and co-ordination in fiscal policy. The need for restraint and a better balance in government budgets at all levels was an important focus of discussion at the economic and fiscal outlook meeting of the Ministers of Finance and Provincial Treasurers last December. Subsequently, with few exceptions, the budgets brought down in provincial legislatures in the early spring reflected the most strenuous efforts on the part of the provinces to improve or maintain budgetary balance.

[Mr. Benson.]

As a result, it is now apparent that the overall impact of federal and provincial budgets upon the economy in 1969-70 will be strongly anti-inflationary. To some extent this is offset by normal capital borrowing at the municipal level. For the government sector as a whole, however, it now appears that a deficit of about $200 million, measured on the basis of the national economic accounts, in calendar 1968, will be transformed into a surplus of the order of $300 million this calendar year. This is entirely apart from the revenues and accompanying investment funds, totalling over $1 billion in calendar 1969, made available for provincial-municipal capital borrowing through the Canada and Quebec Pension Plans. For the federal government alone, the change is from a revised estimated deficit in 1968-69 of about $100 million to an estimated surplus of over $575 million in 1969-70, again on a national accounts basis.

At this point, Mr. Speaker, I would like to have the permission of the House to insert two small tables in Hansard. One would indicate the change in revenues, expenditures, and surplus between the estimates of October last and the revised estimates. The second gives the estimated yield of the main categories of taxes in 1968-69, and before and after tax changes in 1969-70.

I should also like to include with the Budget Papers at the conclusion of this speech, with the agreement of the House, revised tables and explanatory notes giving the budget for 1968-69 and 1969-70 on a national economic accounts basis, and a reconciliation with the budgetary accounts.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

[*Editor's Note: The tables above referred to are as follows:*]

FORECASTS OF BUDGETARY TRANSACTIONS FOR 1969–70 IN THE OCTOBER, 1968 BUDGET AND IN THE PRESENT BUDGET
($ million)

	October, 1968 Budget	Present Budget after Tax Changes
Revenues	11,675	12,025
Expenditures	11,670	11,650
Expo '67 Write-off*	—	125
Surplus	5	250

*Federal share of the deficit of the Canadian Corporation for the 1967 World Exhibition.

BUDGETARY AND OLD AGE SECURITY REVENUES
($ million)

Budgetary Revenues	1968–69 Preliminary	1969–70 Before Tax Changes	Tax Changes	1969–70 After Tax Changes
Personal income tax	3,422	4,480	+20	4,500
Corporation income tax	2,030	2,440	+ 5	2,445
Non-resident tax	206	220		220
Estate Tax	112	110		110
Customs duties	760	800	−47	753
Sales tax	1,572	1,680	− 3	1,677
Other duties and taxes	886	970		970
Total taxes	8,988	10,700	−25	10,675
Non-tax revenues	1,181	1,340	+10	1,350
Total budgetary revenues	10,169	12,040	−15	12,025
Old Age Security Revenues				
Personal income tax	915	1,045	—	1,045
Corporation income tax	183	225	—	225
Sales tax	522	570	—	570
Total old age security revenues	1,620	1,840	—	1,840

Mr. Benson: Mr. Speaker, I wish to turn now to discuss our extra-budgetary requirements for this fiscal year and the means of meeting them. It may be recalled that last October I indicated that our net extra-budgetary requirements, apart from foreign exchange transactions, would probably be in the neighborhood of $600-700 million. While it remains difficult to forecast these requirements with precision, because they are the differences between large totals, I now forecast these extra-budgetary requirements, exclusive of any foreign exchange requirement, at $650 million, or exactly in the middle of my former estimate. This includes the disbursement of the $111 million charged to the special contingency vote in the previous fiscal year on salaries which of course has to be taken account of this year as an extra-budgetary cash item. The main requirement is something over $1.3 billion for loans and advances for housing, farm credit, power projects, crown corporation investments and many other accounts. These in turn are offset by substantial non-budgetary receipts.

These non-budgetary requirements for the current year will be financed in considerable part by the budgetary surplus which I have forecast at $375 million, before the write-off of the Expo deficit, which will give rise to another non-budgetary offset. It will also be possible to finance part of requirements by some rundown in our cash balances, although in view of the many contingencies to which we are exposed I would like to end the fiscal year with as little reduction below end balances in 1968-69 as capital market conditions will permit. It is also my expectation that the employment situation will be such that the government will be selling some non-marketable bonds to the Unemployment Insurance Commission.

The Budget—Hon. M. Lambert

As I have indicated, however, the $650 million forecast for these extra-budgetary requirements excludes any amount for foreign exchange acquisitions. It would probably be prudent to assume that we will need some modest amount for this purpose. On the whole I would think that we will probably need to raise $200 or 300 million over the year as a whole, and more if the foreign exchange acquisitions are substantial. Plans are under way for a vigorous Canada Savings Bond campaign this fall. Prior to that campaign, however, it may be necessary for the government to raise new funds temporarily through the sale of marketable bonds or Treasury Bills offsetting in part the redemptions of Canada Savings Bonds which normally occur between campaigns.

Mr. Speaker, I think the message of this budget should come through fairly loud and clear. It is not simply an effort to balance our accounts. It is certainly not calculated to increase the popularity of the Minister of Finance. Rather it is intended to show that we really mean business in the fight against inflation. Along with other countries we face now a truly unusual economic situation that will put to the test the willingness and ability of Canadians to use the modern tools of fiscal management in guiding our economy along a path of balanced growth and sustainable high levels of employment. To accomplish that we must not give way to the temptation of letting prices go on rising with all the injustice and destruction that will cause, and the hardships it will cause to the people who have least opportunity in our country. This, Mr. Speaker, is the real objective and impact of the budget. For that reason I am confident that it will commend itself to all Canadians who are truly concerned for the real economic health and progress of our country.

Some hon. Members: Hear, hear.

Mr. Benson: Mr. Speaker, pursuant to section (1) of Standing Order No. 60 I wish to lay on the Table of the House copies in English and French of notices for ways and means resolutions referred to in my budget statement.

[*Editor's Note: For text of ways and means Resolutions See Appendix A. For Budget Papers see Appendix B.*]

• (9:10 p.m.)

[*Translation*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, 254 days after the last budget and, as already stated, three years before the next general election, we have heard the budget speech of the Minister of Finance (Mr. Benson).

This speech reminds me of an old story which applies best of all to government members. This fellow had had a very serious operation. He was just coming out from under the anesthetic, and as he regained consciousness he saw the doctor at his bedside. Seeing that the blinds were pulled down, he asked why and the doctors gave him this answer: "My dear fellow, there is a big fire across the street, and I was afraid you might have doubts about the operation being successful."

[*English*]

This, frankly, is the story of what has been the purpose of the budget speech. It is an old story, says my old friend. Yes, but it fits the situation perfectly. This budgetary speech was drawn to, shall we say, create an illusion in the eyes of the minister's supporters and I suppose the people of the country. This is termed a budget to deal with inflation. Well, the Budget Papers disclose what has happened to the cost of living index through all of these years, particularly since 1963. At page 117 of the Budget Papers there is an indication that the minister is satisfied that the budgetary practices of the administration of which he and his predecessors have been a part have been a complete fiasco. To this extent he is right, because never in the history of this country has there been such a continual erosion of precisely those things the minister wishes to protect. Honestly, Mr. Speaker, my heart bled.

One paragraph on page 3 of the minister's text reads:

> In opting for a policy of fiscal restraints, I spoke at some length about the serious and damaging effects caused by a rapid rise in prices and costs on the scale experienced in recent years. Most of these damaging effects—the injustices visited upon the poorest and weakest groups in our society—

And so on. I have a note beside that paragraph which reads, "crocodile tears". After all, the minister is now perhaps paying some attention to the strictures that were imposed upon the administration, of which he is a part, in connection with his previous budget and those of his predecessors. These strictures came not only from members on this side of the house but from all reputable financial commentators in the country. So now, this administration has come to the great awakening that inflation is the major problem. You

know, Mr. Speaker, we make a sort of pious passing reference to the effect of the increased cost of living, but in case anybody has any doubt I ask hon. members opposite to read the contents of the budget white papers.

An hon. Member: All of them.

Mr. Lambert (Edmonton West): Yes, if they have not been thrown unread into the waste basket because their attitude demonstrates they have not looked even beyond the first page. At page 117 we see the consumer price indexes for the years 1947 to 1969 with 1961 as the base of 100.0. We look at 1961 and on through to 1963 when the index had only risen to 103.0; but from 1963 to the month of April 1969 it rose from 103 to 124.6.

Some hon. Members: Shame.

Mr. Lambert (Edmonton West): Is this like a woman who has been walking the streets all these years suddenly confessing maybe she has been erring?

Some hon. Members: Oh, oh.

Mr. Lambert (Edmonton West): After all, I am talking in the language of the Prime Minister (Mr. Trudeau). He knows what I mean. Today we were dealing with a tax bill that was consequent upon the budget of October 22, 1968. Why was it held back? Because the government insisted that we deal with an omnibus bill which had features related to what I was saying with reference to the Prime Minister. Those are the things that preoccupied the house rather than dealing with matters relating to the tax structure.

Then, yesterday, the government house leader read us a long list of those things we have to attend to before the end of June. He added a little caveat in which he said, subject to those things the Minister of Finance (Mr. Benson) might introduce in his budget. Has anyone looked at it? There are pages and pages of his budget speech, most of which deal with the Income Tax Act but also the Customs Tariff.

Mr. Benson: That is all.

Mr. Lambert (Edmonton West): All right. Are we to take the minister proposals as they have been presented and say "aye"? This is what the government means by co-operation. We are to pass these and all other measures in the four, six or whatever number of days the opposition is willing to yield to the government in order to assist it in meeting its target date for a summer recess. Of course, you will have noticed that the minister was very very careful to avoid any reference to interest rates in his talk about borrowing. Interest rates, frankly, are the absolute reflection of what the people think of what the government is doing.

Some hon. Members: Hear, hear.

Mr. Lambert (Edmonton West): All we have to do is look at the Bank of Canada weekly reports. I do not have them before me but if my memory serves me right, last week the 90 day bills were selling at 6¾ per cent and even government long term obligations, with the 1983's as a good indicator, were almost at 7 per cent. They are climbing, climbing and climbing. "I am reaching," says the hon. member for Ottawa. He would not know what an interest rate going up or down meant.

The minister indicated that it was difficult to control prices in Canada. But if we look at page 3 of this text we find in the middle of the page a reference to increasing prices among some of our competitors. He says that the major trading nations, Britain, France and Japan are encountering an advance in prices higher than the rise being experienced in this country. After all, it is of some comfort to us that they are now enjoying increases in their prices. But, what about all those years in the past when our prices increased faster than theirs? Oh, the hon. Minister without Portfolio—he talks about those years 1958 to 1962. Why, he wasn't even dry behind the ears politically. He didn't even know what was happening in those years.

• (9:20 p.m.)

An hon. Member: He still doesn't.

Mr. Lambert (Edmonton West): We know what his performance was and I will not refer to the present. Let us not talk about the price increases in those years in Europe or here in Canada. If you want to ascertain what happened in those years look at page 117 of the budgetary papers. You will see what the price increases were from 1957 to 1963, and you will see that they were minimal. During that time the gross national product increased and the transfer payments to the provinces increased. Had the minister made a real study of the budgetary situation in those years his education would certainly have been improved.

The Budget—Hon. M. Lambert

Now, Mr. Speaker, I am not in a position where I can go into all of the details of this budget. After all, the hon. member who made that intervention would hardly be able to even comment on the first paragraph of the minister's speech, having seen what I've seen.

Then the minister made a great deal about one other aspect of his budget. The minister did say that he was aiming for the biggest surplus and, frankly, the only balanced budget since 1956-1957.

Some hon. Members: Hear, hear.

Mr. Lambert (Edmonton West): Well, of course, he failed to tell hon. members, or they failed even to learn, that in 1956-57 the government took 27.3 per cent of the Gross National Product. I know the minister is as aware of these tables as I am. But now, all governments take 35 per cent of Gross National Product. The federal government takes an increasing share because in this adjustment there are a lot more transfer payments than there were back in 1956-57. Under those circumstances it is easy to say: "Oh, yes, we're going to have a budgetary surplus." But has anyone looked at the percentage tax load that the public are bearing? Again, this bears on what I said last night on second reading of Bill C-191, and what I have repeated on previous occasions, that this government as well as previous ones have been quite happy to tax up to the level of expenditures. When the government does happen to have a slight surplus why do they say, "We're good; how wonderful we are?"

On the other hand hon. members will remember that in October of last year this government indicated they were increasing expenditures in 1969-70 over 1968-69 by over $880 million. Yes, this was their way of fighting inflation. The minister had said that he was meeting his problems. He had recognized them and he knew how to meet them. The minister said at that time, too, that he was going to curb public expenditures. We were given a lot of paper cuts and a lot of fanfare. The poor President of the Treasury Board (Mr. Drury) was put through an exercise in futility in announcing increases which a few weeks later were shown to be quite erroneous, to the extent of $880 million. Well, all right, so we tax up to the total of those increased expenditures and who pays these taxes? John Q. Citizen pays every iota of taxes. Every cent is going to be paid by John Q. Citizen.

But you know, Mr. Speaker, this is an anti-inflationary budget and I'm going to say something about that now. There is not one provision here that deals with high interest rates which is the true measure of the public's estimate of the performance of this government. This budget does not deal with the forcing of the banks to sell long term bonds, which depresses the markets, so that they can transfer this money into treasury bills. This action, which increases the demand for treasury bills, was taken by the Governor of the Bank of Canada, I daresay, after consultation with the minister for an increase in secondary reserves.

So, the action on the one hand is being defeated by action on the other and, we are still faced with increasing interest rates. It doesn't matter how much money is put out or alleged to be put out for housing, the interest rates are increasing. The people are going to pay for those interest rates and so is this government. The minister has used weasel words in so far as his requirements of Canada Savings Bonds, and other bond issues, are concerned. Perhaps the Minister will pay off some of the demands for the cashing or the realization of Canada Savings Bonds but all this will be at increasing interest rates. Until the minister can show us how he's going to deal with interest rates in so far as they concern Canada, then I say he has failed in the purpose of his anti-inflationary budget. There are some things—

Some hon. Members: Hear, hear.

Mr. Lambert (Edmonton West): Having said that, I should say that we must commend the minister, I think, upon the steps he has taken with regard to the Kennedy Round.

An hon. Member: Your best line.

Mr. Lambert (Edmonton West): That's fine from my colleague on the finance committee, but he apparently doesn't understand interest rates either. But again, we must indicate that if this is an anti-inflationary budget it has not dealt with the problem of the cost of living index or the interest rates. To that extent it has failed. May I adjourn the debate?

On motion of Mr. Lambert (Edmonton West), the debate was adjourned.

Mr. Speaker: Pursuant to an order made earlier today this house stands adjourned until two o'clock tomorrow afternoon.

At 9.30 p.m. the house adjourned, without question put, pursuant to special order.

House of Commons

CANADA

WAYS AND MEANS

BUDGET RESOLUTIONS

Presented to the House of Commons

by

The Honourable Edgar J. Benson

Minister of Finance

Tuesday, June 3, 1969.

FEDERAL GOVERNMENT REVENUE AND EXPENDITURE
ON NATIONAL ACCOUNTS BASIS

—	1967–68	1968–69 Preliminary	1969–70 Forecast after tax changes
	(millions of dollars)		
A. Revenue			
1. Direct taxes, persons	3,750	4,455	5,646
2. Direct taxes, corporations	1,670	2,065	2,235
3. Withholding taxes	226	205	220
4. Indirect taxes	3,684	3,822	4,010
5. Investment income	836	950	1,134
6. Employer and employee contributions to social insurance and government pension funds	728	890	1,065
7. Total revenue	10,894	12,387	14,310
B. Expenditure			
1. Goods and services: defence	1,816	1,816	1,873
2. Goods and services: others	2,513	2,875	3,312
3. Transfers to persons	3,021	3,388	3,645
4. Interest on public debt	1,270	1,442	1,602
5. Subsidies	398	394	394
6. Capital assistance	72	63	89
7. Transfers to other levels of governments	2,137	2,476	2,820
8. Total expenditure	11,227	12,454	13,735
C. Surplus (+) or Deficit (−)	−333	−67	+575

NOTE: At the time of the October budget, the federal government deficit for 1968–69 was forecast at $675 million on a budgetary basis and at $435 million on a national accounts basis. Whereas the budgetary deficit for 1968–69 is now estimated at $566 million (a reduction of $109 million) the deficit on a national accounts basis is forecast at $67 million (a reduction of $368 million). Over and above the budgetary reduction of $109 million, two factors mainly account for the additional $259 million national acccunts reduction. Firstly, corporate profits have been revised upward resulting in an increase of $147 million in corporate tax liabilities over a $3 million adjustment to corporate tax collections and old age security taxes. A reallocation of corporate cash flows between profits, and capital cost allowances accounts for that revision. Secondly, the Supplementary Estimates tabled on February 24, 1969 provided for the establishment of a reserve for contingency and its unexpended balance at the end of fiscal year 1968–69, $111 million, was credited to the liability account "contingency for salary revision". Whereas this transaction represents a budgetary charge, it is not regarded as an expenditure on a national accounts basis.

FEDERAL GOVERNMENT REVENUE

Public Accounts and National Accounts Reconciliation

—	1967–68	1968–69 Preliminary	1969–70 Forecast after Tax Changes
		(millions of dollars)	
1. Budgetary revenue	9,029	10,169	12,025
Deduct:			
2. Budgetary return on investment	−612	−693	−815
3. Post Office revenue	−282	−305	−370
4. Other non-tax budgetary revenues	−119	−183	−165
	(−1,013)	(−1,181)	(−1,350)
5. Corporate income tax, excess of accruals (+) over collections (−)	−151	−148	−434
Add:			
Extra-budgetary funds revenue:			
6. Old age security taxes	1,495	1,620	1,840
7. Unemployment insurance fund—employer-employee contributions	346	440	500
8. Government pension funds—employer-employee contributions	382	450	565
9. Prairie Farm Assistance Act levies	11	9	10
	(2,234)	(2,519)	(2,915)
Government investment income:			
10. Interest on loans, advances and investments	352	375	447
11. Interest receipts on social insurance and government pension funds	235	255	288
12. Profits before taxes (net of losses) of government business enterprises	249	320	399
	(836)	(950)	(1,134)
13. Miscellaneous[1]	−41	78	20
14. Total revenue, national accounts basis	10,894	12,387	14,310

[1]These miscellaneous adjustments represent revenues from miscellaneous direct and indirect taxes and adjustments for the supplementary period. In the National Accounts, revenues in the supplementary period are shifted into the following fiscal year.

FEDERAL GOVERNMENT EXPENDITURE

Public Accounts and National Accounts Reconciliation

—	1967–68	1968–69 Preliminary	1969–70 Forecast
	(millions of dollars)		
1. Budgetary expenditure	9,824	10,735	11,650
2. Expo 67 Write-off			125
Deduct:			
3. Budgetary transfers to funds and agencies[1]	−696	−717	−756
4. Post Office expenditure	−301	−347	−360
5. Deficit of government business enterprises	− 83	− 79	− 76
6. Reserves and write-offs	− 33	−144	− 33
7. Expo 67 Write-off	—	—	−125
8. Purchase of existing capital assets	− 5	− 12	− 10
9. Budgetary revenue items off-set against budgetary expenditure[2]	−120	− 90	− 90
	(−1,238)	(−1,389)	(−1,450)
Add:			
Extra-budgetary funds expenditure:			
10. Old age security benefits	1,387	1,544	1,735
11. Unemployment insurance benefits	389	463	500
12. Government pensions	139	149	162
13. Prairie farm emergency payments	9	7	8
	(1,924)	(2,163)	(2,405)
14. Expenditure of government funds and agencies[1]	608	747	784
15. Miscellaneous[3]	109	198	221
16. Total expenditure, national accounts basis	11,227	12,454	13,735
17. Surplus (+) or deficit (−), national accounts basis	−333	− 67	+575
18. Surplus (+) or deficit (−), budgetary basis	−795	−566	+375
19. Expo 67 Write-off	—	—	−125

[1]In the national accounts, budgetary appropriations to various funds and agencies are replaced by the expenditure actually made by these funds and agencies.

[2]This item mainly consists of revenue from sales of goods and services by the government. These sales appear as final expenditure of the private sector and are deducted to avoid double counting.

[3]This item includes the supplementary period adjustment. In the national accounts, expenditure on goods and services in the supplementary period are divided between adjacent fiscal years; most other expenditure are shifted entirely to the next fiscal year.

NOTICE OF WAYS AND MEANS MOTION

AN ACT TO AMEND THE INCOME TAX ACT

That it is expedient to introduce a measure to provide that the surtax imposed on individuals and corporations by Part IA of the Income Tax Act be applicable in the case of individuals to the 1970 taxation year and in the case of corporations to taxable income earned in 1970.

NOTICE OF WAYS AND MEANS MOTION

Customs Tariff and Excise Tax Act

CUSTOMS TARIFF

1. That section 11 of the *Customs Tariff* be amended by repealing subsection (1) thereof and by substituting therefor the following:

11. (1) On the materials set forth in Schedule B, when used for consumption in Canada for the purpose specified in that Schedule, there may be paid, out of the Consolidated Revenue Fund, the several rates of drawback of Customs duties, *other than any special duty or surtax*, set opposite each item respectively in that Schedule, under regulations by the Governor in Council.

2. That each tariff item in Schedule A to the *Customs Tariff*, other than tariff item 19201–1, that contains the expressions "on and after January 1, 1970", "on and after January 1, 1971" and "on and after January 1, 1972" be amended

(*a*) by striking out the expression "on and after January 1, 1970" and the rate or rates of duty set opposite thereto;

(*b*) by striking out the expression "on and after January 1, 1971" and the rate or rates of duty set opposite thereto; and

(*c*) by striking out the expression "on and after January 1, 1972" and substituting therefor the expression "on and after June 4, 1969".

3. That tariff items 19905–1 and 65200–1 in Schedule A to the *Customs Tariff* be amended by striking out the expression "on and after January 1, 1970" contained in each such tariff item and substituting therefor the expression "on and after June 4, 1969".

4. That tariff items 7303–1, 7311–1, 13650–1, 29005–1, 40401–1 and 40402–1 in Schedule A to the *Customs Tariff* be amended

(*a*) by striking out the expression "on and after January 1, 1970" contained in each such tariff item and the rate or rates of duty set opposite thereto; and

(*b*) by striking out the expression "on and after January 1, 1971" contained in each such tariff item and substituting therefor the expression "on and after June 4, 1969".

5. That section 15 of *An Act to amend the Customs Tariff*, being chapter 12 of the Statutes of Canada 1968–69, be repealed.

6. That Schedule A to the *Customs Tariff* and each order in council made under section 10 of the *Customs Tariff* and section 273 of the *Customs Act* reducing the duty on goods be amended by striking out tariff items 30200–1, 34000–1, 34100–1, 34610–1, 41200–1, 41205–1, 41210–1, 41215–1, 41220–1, 41225–1, 42605–1, 47200–1, 47300–1 47305–1, 47400–1, 47500–1, 47505–1, 47510–1, 47515–1, 47520–1, 47525–1, 53415–1, 66000–1, 66005–1 and 66010–1, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting in Schedule A to the *Customs Tariff* 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	Rates in Effect Prior to Rates Proposed in this Budget: Most-Favoured-Nation Tariff	Rates in Effect Prior to Rates Proposed in this Budget: General Tariff
34000–1	Type, chases, quoins and slugs, for *use in* printing..	Free	10 p.c.	20 p.c.	7½ p.c. Free	17½ p.c. Free	20 p.c. 10 p.c.
34100–1	Babitt metal and type metal, in blocks, bars, plates and sheets.....	Free	10 p.c.	20 p.c.	Free	10 p.c.	20 p.c.
34610–1	Zinc rods; zinc shapes other than flatrolled; all the foregoing if containing not more than ten per cent by weight of other metal or metals.....	Free	Free	10 p.c.	Free	Free	10 p.c.

34615-1 Zinc strip or sheet, ungrained, whether or not ground, for making offset plates for lithographing; zinc strip or sheet, not ground or polished, coated on one side with acid-resisting material, *when imported for use by grinders and polishers*, to be prepared for use in photo-engraving; all the foregoing if containing not more than ten per cent by weight of other metal or metals.....	Free	Free	10 p.c.	Free	Free	10 p.c.
41201-1 *Printing presses, n.o.p., with an image or printing area of 374 square inches or larger; mechanical deliveries or conveyors for use with such presses; parts of the foregoing*.....	Free	Free	15 p.c.	Free Free Free 2½ p.c.	Free Free 10 p.c. 15 p.c.	15 p.c. Free 15 p.c. 35 p.c.
41202-1 *Printing presses, n.o.p., with an image or printing area of less than 374 square inches; parts of the foregoing*.....	Free	10 p.c.	15 p.c.	Free Free	10 p.c. Free	15 p.c. Free
41205-1 Machines and apparatus, *excluding those provided for in tariff item 41210-1*, for use exclusively by, and in their capacities as printers, lithographers, bookbinders, paper or foil converters, manufacturers of stereotypes, electrotypes and printing plates or rolls, or manufacturers of articles made from paper, cardboard or foil, namely:—						
Machines and apparatus for making *matrices*, stereotypes, electrotypes or printing plates of any kind;						
Machines and apparatus for the preparation of plates by graining, grinding, polishing or sensitizing;						
Machines and apparatus, including cameras and camera equipment, lenses, prisms, camera and printing lamps, screens and vacuum frames, for transferring *imagery* to *sensitized paper*, *film*, plates or rolls for use in printing;						
Machines and apparatus for slitting, winding or rewinding, *having a roll width of less than seventy-two inches;*						

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
41205–1 (Cont'd)	Gun and mould apparatus for making press rollers; Machines and apparatus for addressing or wrapping newspapers, magazines, periodicals, pamphlets and catalogues; Machines and apparatus for bookbinding, box-covering, bronzing, bundling, carbon coating, *counting paper, cardboard or foil*, creasing, cutting, drilling, dusting, embossing or producing embossed or engraved effects, eyeletting, *flocking, folding*, gathering, glueing, gumming, inserting, jogging, looping, metal mounting, numbering, pasting, patching, perforating, punching, reinforcing, ruling, scoring, sewing, *sheet feeding*, sheet piling, *spraying for anti-offset*, stamping, staying, stitching, stripping, tube-making, tying, varnishing, or waxing;						
	Parts of all the foregoing.....	Free	Free	15 p.c.	Free	Free	10 p.c.
					Free	10 p.c.	15 p.c.
					2½ p.c.	15 p.c.	35 p.c.
					Various	Various	Various
41210–1	*Machines and apparatus for use in the manufacture of manifold business forms, namely:—*						
	Rotary web fed rubber plate and offset printing presses, and printing units therefor;						
	Feed-in units;						
	Numbering units;						
	Punching units;						
	Slitting units;						
	Perforating units;						
	Winders or rewinders;						
	Folders;						
	Sheet cutting and piling units;						
	Hot carbonizing units;						
	Continuous forms collators;						
	Snap set collators;						
	Continuous forms interleavers;						
	Crimp-lock and slitting machines;						

	Stitchers;						
	Carbon paper processors;						
	Parts of all the foregoing	Free	10 p.c.	15 p.c.	Free	10 p.c.	15 p.c.
					Free	Free	10 p.c.
					2½ p.c.	15 p.c.	35 p.c.
					Free	Free	Free
41215–1	Machines *and apparatus designed for* typecasting, typesetting *including phototypesetting, or for producing justified copy; machines and apparatus designed for creating or translating signals, on tape or wire or other media, for programming the automatic operation of the foregoing; typemaking accessories, n.o.p.; parts of all the foregoing; stereotypers' blankets or blanketing*	Free	Free	15 p.c.	Free	Free	Free
					Free	Free	10 p.c.
					Free	5 p.c.	10 p.c.
					Free	10 p.c.	15 p.c.
					2½ p.c.	15 p.c.	35 p.c.
					15 p.c.	19 p.c.	30 p.c.
41220–1	Articles and materials which enter into the construction and form part of the machines and apparatus *entitled to entry under* tariff items *41201–1*, 41205–1 *and 41215–1*, when for use in the manufacture of such machines, apparatus and parts thereof	Free	Free	15 p.c.	Free	Free	Free
					Free	10 p.c.	15 p.c.
					Various	Various	Various
41230–1	*Sheets, plates, blocks, rolls or cylinders, ground, polished or otherwise prepared for the production of printing plates, rolls or cylinders*	10 p.c.	15 p.c.	25 p.c.	Free	15 p.c.	20 p.c.
					15 p.c.	19 p.c.	30 p.c.
					10 p.c.	15 p.c.	20 p.c.
					Free	7½ p.c.	30 p.c.
					10 p.c.	10 p.c.	30 p.c.
					Various	Various	Various
41235–1	*Printing plates of all kinds, including rolls and cylinders, for the reproduction of non-advertising material in newspapers, or for printing books or music, or for printing periodical publications enjoying second-class mailing privileges the pages of which are regularly bound, wirestitched or otherwise fastened together, not including catalogues; copper shells, bases, matrices, moulds, exposed positive or negative films and reproduction proofs, for such printing plates*	Free	Free	25 p.c.	Free	Free	Free
					Free	Free	25 p.c.
					Free	½ ct/sq. in.	½ ct/sq. in.
					⅛ ct./sq. in.	⅛ ct./sq. in.	⅛ ct./sq. in.
					Various	Various	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
41240–1	*Stereotypes, electrotypes, and other printing plates made from moulds, n.o.p.; copper shells, bases, matrices or moulds, for such printing plates*..... per square inch	1 ct.	1 ct.	1½ cts.	1 ct. Various	1 ct. Various	1½ cts. Various
41245–1	*Printing plates including rolls and cylinders n.o.p.; exposed positive or negative films and reproduction proofs, for such printing plates*.....	10 p.c.	15 p.c.	25 p.c.	10 p.c. Free Various	15 p.c. 15 p.c. Various	20 p.c. 20 p.c. Various
42605–1	Machinery and apparatus enumerated in tariff item 41205–1, when for use *exclusively* by, *and in their capacities as* manufacturers of articles made from regenerated cellulose or cellulose acetate; parts of the foregoing.....	5 p.c.	5 p.c.	35 p.c.	5 p.c. Various	5 p.c. Various	35 p.c. Various
53415–1	Press blankets or blanketing, of a class or kind not made in Canada, for use with printing presses....	Free	5 p.c.	10 p.c.	Free	5 p.c.	10 p.c.
53417–1	*Press blankets or blanketing, n.o.p., for use with printing presses*.....	10 p.c.	15 p.c.	25 p.c.	Free Free 24 p.c. 20 p.c.	Free 10 p.c. 24 p.c. 24 p.c.	Free 15 p.c. 35 p.c. 40 p.c.

7. That Schedule A to the *Customs Tariff* and each order in council made under section 10 of the *Customs Tariff* reducing the duty on goods be amended by striking out tariff items 43125–1, 43130–1, 43130–2, 43150–1 and 43155–1, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting in Schedule A to the *Customs Tariff* 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
43125-1	*Toolmakers'*, machinists' or metal workers' precision tools and measuring instruments, namely: Bevels; Buttons; Calipers; Clamps, including key seat clamps and rule clamps; Dividers; Gauges, *including thickness gauges in roll form;* Micrometers; Parallels; Plumb bobs, mercury; Protractors; Punches, automatic centre; Scribers; Speed indicators, hand; Squares; Straight edges; Trammels; Verniers; Vises;						
	Toolmakers', machinists' or metal workers' precision tools and measuring instruments, n.o.p.; Parts of all the foregoing.....	Free	9 p.c.	20 p.c.	Free	9 p.c.	10 p.c.
43130-1	Engineers', surveyors' or draftsmen's precision instruments and apparatus, namely: Alidades; Altazimuths; Aneroid barometers; Boards, military sketching; Clinometers; Compasses; Cross staff heads; Curves, adjustable, irregular, railroad and ship; Curvimeters; Dipping needles;						

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
43130-1 (Cont'd)	*Distance measuring apparatus using light, radio or sound waves;*						
	Drafting instruments of all kinds;						
	Drafting machines;						
	Engineering lasers;						
	Gyro converters;						
	Heliographs;						
	Integrators;						
	Levels;						
	Liners, section;						
	Meters, portable for hydraulic engineering;						
	Pantographs;						
	Parallel rules;						
	Parallel ruling attachments;						
	Pedometers and paceometers;						
	Plane tables, military and topographic;						
	Planimeters;						
	Poles, ranging;						
	Prisms, angle;						
	Protractors;						
	Rods, levelling;						
	Scales, flat and triangular;						
	Sextants;						
	Slide rules;						
	Splines;						
	Straight edges;						
	Subtense bars;						
	Tacheometers;						
	Tallying machines, pocket;						
	Tee squares;						
	Telemeters;						

29180—598	Theodolites; Transits; *Traversing targets*; Triangles of all types;						
	Parts, *attachments*, tripods, *base plates* and *fitted cases* for all the foregoing	Free	5 p.c.	20 p.c.	Free Free Free Free	9 p.c. 5 p.c. 7½ p.c. 18 p.c.	10 p.c. 10 p.c. 30 p.c. 28 p.c.
43150–1	Geophysical precision instruments and equipment of a class or kind not made in Canada;						
	Parts, *attachments*, tripods, *base plates* and fitted cases for all the foregoing	Free	Free	20 p.c.	Free	Free	30 p.c.
43155–1	Photogrammetric instruments and equipment for use in the interpretation of photographs and in the preparation of maps and plans from photographs, including the following: stereoscopes, binoculars for use with stereoscopes, parallax bars, height finders, contour finders, sketchmasters, slotted template equipment and accessories for use with any of the foregoing; stereoscopic plotting instruments and equipment of either optical-mechanical or projector type, including such accessories as plotting and tracing tables whether electrically, mechanically or remotely operated, optical instruments for preparing diapositive plates, voltage regulators, and electrical transformers, cooling systems, lamps, spectacles, filters, height gauges, principal point selectors and other components for use with the foregoing equipment; all the foregoing of a class or kind not made in Canada and parts and fitted cases for any of the foregoing	Free	Free	20 p.c.	Free	5 p.c.	20 p.c.

8. That Schedule A to the *Customs Tariff* and each order in Council made under section 10 of the *Customs Tariff* and section 273 of the *Customs Act* reducing the duty on goods be amended by striking out tariff items 46200–1, 47600–1, 47602–1, 47605–1, 47610–1, 47805–1, 47810–1, 47815–1, 47900–1, 48000–1, 48005–1, 48100–1, 48105–1, 48600–1, 51100–1, 51100–6, 69605–1, 69610–1 and 69625–1, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting in Schedule A to the *Customs Tariff* 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
46200–1	*Instruments for observation, measurement, experimentation or demonstration in respect of natural phenomena, n.o.p.;* photographic, mathematical and optical instruments, n.o.p.; speedometers, cyclometers and pedometers, n.o.p.; parts of all the foregoing	2½ p.c.	15 p.c.	30 p.c.	2½ p.c.	15 p.c.	30 p.c.
47600–1	X-ray apparatus and X-ray film; microscopes, *illuminating devices and stands for use therewith; the following* surgical, dental, *veterinary and diagnostic articles:* instruments; *sterilizers; cobalt-therapy units; anaesthesia,* surgical suction *and oxygen administering apparatus including motive power and wall outlets but not piping systems.* Parts of all the foregoing; electric light lamps designed for use with all the foregoing; *portable cases and containers for all the foregoing*	Free	Free	Free	Free 2½ p.c. 2½ p.c. 12½ p.c. Various	Free 15 p.c. 15 p.c. 21½ p.c. Various	Free 30 p.c. 35 p.c. 40 p.c. Various
47605–1	Operating room lights designed to minimize shadow, not including bulbs, of a class or kind not made in Canada: chairs and tables for surgical operating purposes; infant incubators; infant and patient *medical-alert or* identification *devices including beads,* tapes and ribbons of any material, *cases therefor and equipment for their application;* electrocardiographs, paper and sensitized film for use therein; apparatus for sterilizing purposes, including bedpan washer-sterilizers but not in-						

29180—598½

	cluding washing nor laundry machines; parts of all the foregoing; electroence-phalographic paper. All for the use of any public hospital, under such regulations as the Minister may prescribe.....	Free	Free	Free	Free 20 p.c. 10 p.c. Various	Free 26½ p.c. 19 p.c. Various	Free 50 p.c. 35 p.c. Various
47805–1	Artificial limbs, *with or without power, and all accessories and devices therefor;* spinal and other orthopedic braces; parts of the foregoing.....	Free	Free	Free	Free 15 p.c. 2½ p.c. Various	Free 19 p.c. 15 p.c. Various	Free 30 p.c. 35 p.c. Various
47810–1	Aural, nasal, mastectomy and other medical or surgical prostheses; materials for use in reconstructive surgery; ileostomy, colostomy and urinary appliances *or articles other than infants' pants and diapers*, designed to be worn by an individual; materials and articles required therewith for proper application and maintenance.....	Free	Free	Free	Free 20 p.c. 21½ p.c. 10 p.c.	Free 26½ p.c. 25½ p.c. 20 p.c.	Free 50 p.c. 35 p.c. 35 p.c.
47815–1	*Auxiliary driving control kits and other equipment designed for attachment to motor vehicles to facilitate their operation by physically disabled persons; parts of the foregoing*.....	Free	Free	Free	Free Free 10 p.c. Various	Free 15½ p.c. 19 p.c. Various	30 p.c. 30 p.c. 35 p.c. Various
47820–1	Boots, shoes and appliances for an individual with a defective or abnormal foot or ankle when made to order for the individual or when purchased on the written order of a registered medical practitioner.....	Free	Free	Free	Free	Free	Free
	Invalid chairs, *commode chairs, walkers and all other aids to locomotion*, with *or without* wheels; motive power and wheel assemblies therefor; *toilet, bath and shower seats; all specially designed for the disabled; accessories and attachments for all the foregoing:*						

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
47825–1	*Of a class or kind made in Canada; parts thereof....*	Free	10 p.c.	15 p.c.	Free 15 p.c. Various	10 p.c. 19 p.c. Various	15 p.c. 30 p.c. Various
47826–1	*Of a class or kind not made in Canada; parts thereof.*	Free	Free	Free	Free 15 p.c. Various	10 p.c. 19 p.c. Various	15 p.c. 30 p.c. Various
47830–1	Artificial larynges; *devices for amplifying speech to audible volume; devices for the audible or visual recording or reproduction of speech or attempted speech, for use in training; attachments, accessories and batteries for the foregoing; parts of all the foregoing. All the foregoing when imported for the use of a mute or partially mute person, of a public hospital, or of a bona fide association or institution for the mute or partially mute, and not for sale or rental unless to those mentioned herein, under such regulations as the Minister may prescribe.....*	Free	Free	Free	Free 15 p.c. 15 p.c. Various	Free 19 p.c. 20½ p.c. Various	Free 30 p.c. 27½ p.c. Various
47835–1	*Alternating pressure mattresses; canes and crutches; ceiling projectors and prismatic glasses, for reading; oscillating beds; patient-lifters; powered feeders, powered page-turners; pressure-gradient elastic supports made to order for an individual in accordance with the written prescription of a registered physician or surgeon; attachments and accessories for the foregoing; parts of all the foregoing. All the foregoing when imported for the use of a disabled person or of a public hospital, under such regulations as the Minister may prescribe.....*	Free	Free	Free	Free 17½ p.c. 20 p.c. Various	Free 17½ p.c. and 61 cts. 26½ p.c. Various	Free 35 p.c. and $1.50 per dozen pairs 50 p.c. Various

47900–1	*Materials and articles for use exclusively in the manufacture of the goods enumerated in tariff items 47600–1, 47605–1, 47805–1, 47810–1, 47815–1, 47820–1, 47826–1, 47830–1 and 47835–1*	Free	Free	Free	Various	Various	Various
51100–1	Golf clubs and finished parts thereof; racquets and racquet frames and baseball bats; balls of all kinds for use in sports, games or athletics, n.o.p.	15 p.c.	20 p.c.	35 p.c.	15 p.c.	23 p.c.	35 p.c.
51125–1	*Walking sticks and walking canes of all kinds, n.o.p.*	15 p.c.	20 p.c.	35 p.c.	15 p.c.	20 p.c.	35 p.c.
69530–1	*Motion picture films and filmstrips, with or without sound recording, for deposit as archives and for exhibition without commercial purpose, under such regulations as the Minister may prescribe*	Free	Free	Free	1½ cts.	1½ cts. per linear foot	3 cts.
					Free	1½ cts. per linear foot (20 p.c. max.)	3 cts. (30 p.c. max.)
69605–1	Scientific apparatus (and ancillary equipment thereto), utensils, instruments, and preparations, including boxes and bottles containing *them*; *glassware for laboratory or scientific uses*; maps, charts, *motion picture films, filmstrips, microfilms, slides and* other photographic reproductions and pictorial illustrations; *pamphlets and magazines; reproductions of works of art; sound recordings and* video tape recordings; stencils and cards specially designed for the preparation of library index cards; models, *static or moving*; animals as research or experimental subjects; living plants, seeds, cuttings, buds, scions, tubers, bulbs and root-stock; mechanical equipment *not otherwise enumerated in this item when* of a class or kind not made in Canada; parts of *all* the foregoing. *All the foregoing* when for the use of any society or institution incorporated or established solely for religious, educational, scientific or literary purposes, or for the encouragement of the fine arts (*namely architecture, sculpture, painting, engraving and music*), or for the use of any public hospital, *public library, public museum, university*, college, academy, school or seminary of learning in Canada and not for sale or rental *unless to those mentioned herein*, under such regulations as the Minister may prescribe	Free	Free	Free	Free	Free	Free

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
69610–1	Materials and articles for *use exclusively in* the manufacture of the goods *enumerated* in tariff item 69605–1	Free	Free	Free	Free Various	Free Various	Free Various
69625–1	Sound recordings specially made for use in the study of languages; sound recordings, *tape recorders and phonographs* for bona fide libraries, and being the property of the organized authorities of such libraries and not the property of individuals or business concerns; under such regulations as the Minister may prescribe	Free	Free	Free	Free 13 p.c. 10 p.c.	Free 18 p.c. 12½ p.c.	Free 28 p.c. 25 p.c.

9. That Schedule A to the *Customs Tariff* and each order in council made under section 10 of the *Customs Tariff* and section 273 of the *Customs Act* reducing the duty on goods be amended by striking out tariff items 945–1, 2705–1, 10505–1, 10540–1, 17310–1, 20620–1, 23240–1, 29655–1, 31615–1, 31905–1, 38800–1, 41001–1, 41002–1, 41305–1, 41525–1, 42835–1, 44043–1, 44047–1, 44059–1, 44300–1, 45400–1, 50600–3, 50600–5, 50600–6, 61625–1, 70320–1, 70321–1, 82300–1 and 93404–2, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting in Schedule A to the *Customs Tariff* 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
945–1	Feeds for use exclusively in the feeding of trout *and salmon* on and after July 1, *1970*	Free 5 p.c.	Free 5 p.c.	25 p.c. 25 p.c.	Free 11 p.c.	Free 11 p.c.	25 p.c. 25 p.c.

10505–1	Lemon, *lime*, orange, grapefruit and citron rinds, *n.o.p.*	Free	Free	Free	Free 15 p.c.	Free 19 p.c.	Free 25 p.c.
10540–1	Oranges, grapefruit, lemons, *or limes*, sliced or in the form of pulp, with or without the addition of preservatives	Free	Free	35 p.c.	Free 19½ p.c.	3 p.c. 22 p.c.	35 p.c. 35 p.c.
17310–1	Printed books, pamphlets, cards *and sheets* for use in intelligence testing; other articles and materials imported with and specially designed for use with such printed books, pamphlets, cars *and sheets*. cards for use in the teaching of reading or arithmetic	Free	Free	Free	Free 17½ p.c.	Free 21½ p.c.	Free 35 p.c.
19946–1	*Trays of pulp or pulpboard, with pockets, imported for use exclusively in the packaging of peaches and pears in their natural state*	Free	Free	35 p.c.	17 p.c.	19½ p.c.	35 p.c.
20620–1	Materials and articles for the manufacture of the goods specified in items 20605–1, 20610–1 and 20615–1	Free	Free	Free	Free 10 cts.	Free 20 cts. per gallon of the strength of proof	Free 40 cts.
23240–1	*Ossein for use exclusively in the manufacture of gelatine*	Free	Free	25 p.c.	Free	Free	25 p.c.
29655–1	*Pyrophyllite for use in Canadian manufactures*	Free	Free	25 p.c.	Free	Free	25 p.c.
31615–1	*Glass tubing in straight lengths of not less than three feet, not coated, for use in Canadian manufactures*	Free	Free	10 p.c.	Free	Free	10 p.c.
31905–1	*Plate glass, not more than five thirty-seconds of an inch in thickness, for use in the manufacture of laminated safety glass*	Free	5 p.c.	15 p.c.	Free	5 p.c.	15 p.c.
34405–1	*Composition foils, composed of varying percentages of lead and tin, and whether or not containing antimony.*	Free	Free	Free	15 p.c.	19 p.c.	25 p.c.
35115–1	*Metal alloy slugs, cast, with diamonds or diamond chips embedded therein, of any size or shape, in condition as from the mould, for use in Canadian manufactures*	Free	Free	Free	Free	Free	Free

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
38009–1	*Sheet piling sections or iron or steel, not further manufactured than hot-rolled, and whether or not with handling holes therein*	5 p.c.	10 p.c.	20 p.c.	5 p.c. 17 p.c.	10 p.c. 19 p.c.	20 p.c. 40 p.c.
38800–1	Foundry moulding flasks and jackets for use therewith; *parts and attachments or accessories for the foregoing*	Free	Free	35 p.c.	Free 10 p.c. 15 p.c. 17 p.c.	Free 19 p.c. 19 p.c. 18 p.c.	35 p.c. 35 p.c. 30 p.c. 25 p.c.
	Bits and augers of all kinds; Drills of all kinds, not including those drilling rigs entitled to entry under tariff item 49103–1; *Fishing tools, n.o.p.;* *Reamers, stabilizers, and combinations thereof, n.o.p.;* All the foregoing for use in the exploration or drilling for water, oil, natural gas or minerals, or in mining or quarrying:						
41001–1	Of a class or kind made in Canada; parts thereof	5 p.c.	15 p.c.	25 p.c.	5 p.c. 10 p.c.	15 p.c. 19 p.c.	25 p.c. 35 p.c.
41002–1	Of a class or kind not made in Canada; parts thereof	Free	Free	Free	Free 10 p.c.	Free 19 p.c.	Free 35 p.c.
41305–1	Machinery and apparatus, of a class or kind not made in Canada, and parts thereof, for preparing, manufacturing, testing or finishing yarns, cordage, and fabrics made from textile fibres or from paper, imported for use exclusively by manufacturers and scholastic or charitable institutions in such processes only	Free	Free	10 p.c.	Free 2½ p.c. 10 p.c. Various	Free 15 p.c. 19 p.c. Various	10 p.c. 35 p.c. 35 p.c. Various

41525–1	Sewing machines, *not to include industrial sewing machines*, with or without motive power incorporated therein; parts thereof.....	5 p.c.	15 p.c.	25 p.c.	5 p.c. 10 p.c. Various	15 p.c. 19 p.c. Various	25 p.c. 35 p.c. Various
42835–1	Governors, *n.o.p.*, and parts thereof, for use in the manufacture *or repair* of diesel locomotives.....	Free	7½ p.c.	30 p.c.	Free Free Free	7½ p.c. 10 p.c. 18 p.c.	30 p.c. 20 p.c. 30 p.c.
	Aircraft, not including engines, under such regulations as the Minister may prescribe:						
44043–1	When of types or sizes not made in Canada.....	Free	Free	27½ p.c.	Free	Free	27½ p.c.
	on and after July 1, *1971*	Free	7½ p.c.	27½ p.c.	Free	7½ p.c. (On and after July 1, 1969)	27½ p.c.
	Aircraft engines, when imported for use in the equipment of aircraft:						
44047–1	When of types or sizes not made in Canada.....	Free	Free	27½ p.c.	Free	Free	27½ p.c.
	on and after July 1, *1971*	Free	7½ p.c.	27½ p.c.	Free	7½ p.c. (On and after July 1, 1969)	27½ p.c.
44059–1	Auxiliary power units; Batteries; Bolts, cocks, cotter pins, eyelets, nuts, pins, rivets, screws, turnbuckles and clevis, washers; Brakes, with related operating gear; Carburettors; Direct or inertia starters with or without related operating gear; Distributors; De-icing and anti-icing equipment; Electric generators; Electric lamps; Exhaust gas analyzers; Fittings and couplings; Fuel pressure warning devices; Forgings and castings; Hinges; Hydraulic jacks; Hydraulic pumps; Ignition coils; Instruments;						

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
44059-1 (Cont'd)	Landing and navigation lights;						
	Magnetos;						
	Oil coolers;						
	Pressure fire extinguishers;						
	Primer pumps;						
	Propellers and helicopter rotors;						
	Radio for navigation and air traffic communication;						
	Seats;						
	Shapes or sections, rolled, drawn or extruced, and bars, rods, tubes, plate, sheet and strip, of any metal or alloy thereof;						
	Spark plugs;						
	Swaged wires and tie rods;						
	Tires and tire inner tubes;						
	Vacuum pumps with related operating gear;						
	Voltage control boxes;						
	Wheels;						
	Parts of all the foregoing;						
	All of the foregoing when of types or sizes not made in Canada and for use in aircraft, aircraft engines, airborne aircraft equipment, or parts of aircraft, aircraft engines, or airborne aircraft equipment	Free	Free	27½ p.c.	Free Various	Free Various	27½ p.c. Various
44300-1	Apparatus, and parts thereof, for cooking or for heating buildings, *not to include commercial food processing machines, namely, continuous pressure and atmospheric pre-heaters and cookers, and parts thereof, for sterilizing or for cooking or for both sterilizing and cooking food products in hermetically sealed containers*	15 p.c.	20 p.c.	30 p.c.	15 p.c.	21½ p.c.	30 p.c.
44623-1	*Electron beam welding machines and laser beam micro-welding machines*	5 p.c.	10 p.c.	30 p.c.	5 p.c.	18 p.c.	30 p.c.

45400–1	Frames not more than ten inches in width, clasps and fasteners (not to include slide or hookless fasteners), when imported for use in the manufacture of purses, chatelaine bags or reticules; parts of the foregoing	Free	12½ p.c.	20 p.c.	Free Various	12½ p.c. Various	20 p.c. Various
61625–1	*Scrap or used tires and tubes, wholly or in part of rubber, when imported for use exclusively in the manufacture of reclaim rubber*	Free	Free	Free	Free	Free	Free
65815–1	*Motion picture films, negative or positive, with or without sound; still picture films, negative or positive; video tape recordings; sound recordings in tape, disc or wire form; all the foregoing being news features or recordings of current events*	Free	Free	Free	Free Free Free 15 p.c. 15 p.c.	Free 1½ cts. per linear foot Free 20 p.c. 17½ p.c.	Free 3 cts. 3c/lin. ft. 25 p.c. 30 p.c.
70320–1	Goods (not including alcoholic beverages, cigars, cigarettes and manufactured tabacco) imported by a member of the Canadian Forces or an employee of the Canadian Government, or by a former resident of Canada returning to Canada to resume residence therein, and acquired by him during an absence from Canada of not less than one year for personal or household use and actually owned by him abroad *and in his possession and use* for at least six months prior to his return to Canada	Free	Free	Free	Free	Free	Free

The Minister may by regulation exempt any goods or classes of goods from the six-month ownership, possession and use requirement set out in this item.

Goods entitled to entry under this item shall be exempt from all imposts nothwithstanding the provisions of this Act or any other Act.

Any goods imported under this item which are sold or otherwise disposed of within twelve months after importation are subject to the duties and taxes otherwise prescribed.

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
	92942—Vegetable alkaloids, natural or reproduced by synthesis, and their salts, ethers, esters and other derivatives:						
92942-4	Caffeine and its salts	Free	12½ p.c.	25 p.c.	Free	12½ p.c.	25 p.c.
	93404—Synthetic wax; waxes containing synthetic wax:						
93404-	Polyethylene of a number-average molecular weight not exceeding 4,000	Free	Free	10 p.c.	Free	Free	10 p.c.

10. That Schedule A to the *Customs Tariff* be amended by striking out tariff items 70310-1 and 70315-1, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting in Schedule A to the *Customs Tariff* 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
	Goods (not including alcoholic beverages, cigars, cigarettes and manufactured tobacco except where specifically provided therefor) acquired abroad by a resident of Canada for his personal or household use or as souvenirs or gifts, but not bought on commission or as an accommodation for any						

other person or for sale, and declared by him at the time of his return to Canada, under such regulations as the Minister may prescribe:						
70310–1 Valued at not more than twenty-five dollars (including alcoholic beverages not exceeding *forty ounces*, and tobacco not exceeding fifty cigars, two hundred cigarettes and two pounds of manufactured tobacco) and included in the baggage accompanying the resident of Canada returning from abroad after an absence from Canada of not less than forty-eight hours.....	Free	Free	Free	Free	Free	Free
A resident of Canada shall not be entitled to the exemption granted under this item more often than once in each calendar quarter, that is in each quarterly period in a year beginning on January 1, April 1, July 1 and October 1, respectively.						
70311–1 Valued at not more than *one hundred dollars (including alcoholic beverages not exceeding forty ounces, and tobacco not exceeding fifty cigars, two hundred cigarettes and two pounds of manufactured tobacco) and included in the baggage accompanying* the resident of Canada returning from abroad after an absence from Canada of not less than *twelve days*.....	Free	Free	Free	Free Various	Free Various	Free Various
Goods (other than alcoholic beverages, cigars, cigarettes and manufactured tobacco) acquired in any country beyond the continental limits of North America may be entered under this item although they are not included in the baggage accompanying the returning resident if they are declared by him at the time of his return to Canada.						
The exemption granted under this item shall be extended only to a resident who, upon his return to Canada, establishes in such form and manner as the Minister may specify by regulation that he has been abroad for a minimum period of twelve days, which form and manner may differ according to the country visited or the mode of travel used.						

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
	A resident of Canada shall not be entitled to the exemption granted under this item more than once in a calendar year and he shall not be entitled, with respect to the same trip abroad, to claim an exemption under tariff item 70310-1 if he claims an exemption under this item.						
70312-1	*Valued at not more than one hundred dollars (not including goods otherwise allowed duty-free entry into Canada, nor alcoholic beverages, cigars, cirarettes and manufactured tobacco) and included in the baggage accompanying the resident of Canada returning from abroad after an absence from Canada of not less than forty-eight hours*	25 p.c.	25 p.c.	25 p.c.	Various	Various	Various
70313-1	*Valued at not more than five dollars (not including alcoholic beverages, cigars, cigarettes and manufactured tobacco) and included in the baggage accompanying the resident of Canada returning from abroad after an absence from Canada of not less than forty-eight hours*	Free	Free	Free	Various	Various	Various
	The exemption granted under this item shall be extended only to a resident who, at the time of his return to Canada, is not entering any other goods under any other item of this heading (or under tariff items 70310-1 or 70315-1 until January 1, 1970).						
	Goods entitled to entry under any item of this heading shall be exempt from all other imposts notwithstanding the provisions of this Act or any other Act.						

The Minister by regulation may, notwithstanding any other provision in customs legislation relating to the entry of goods, excuse a returning resident of Canada from any requirement for making a written declaration or entry with respect to goods entitled to entry under any item of this heading.

The Governor in Council may, by order, on the recommendation of the Minister of Finance, reduce the maximum value of goods that are entitled to entry under any item of this heading but every order made pursuant to this authority shall be published in the Canada Gazette, *and shall cease to have any force or effect on the 180th day following its making or, if Parliament is not then in session, on the 15th day after the commencement of the next ensuing session, unless, before that day, the order is approved by resolution adopted by both Houses of Parliament.*

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11. That the heading to the column in Schedule B to the *Customs Tariff* entitled "Portion of Duty (not including Special Duty or Dumping Duty) payable as Drawback" be amended by striking out the expression "not including Special Duty or Dumping Duty".

12. That any enactment founded upon paragraphs 1 to 9 inclusive and paragraph 11 of this motion shall be deemed to have come into force on the 4th day of June, 1969 and to have applied to all goods mentioned in the said paragraphs 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.

13. That any enactment founded upon paragraph 10 of this motion shall come into force on the 1st day of January, 1970, with the exception of items 70312–1 and 70313–1 which shall be deemed to have come into force on the 4th day of June, 1969.

14. That a consequential amendment be made to the *Excise Tax Act* by providing that the reference in Part VII of Schedule III to the *Excise Tax Act* to tariff items 47600–1, 47815–1 and 69605–1 be read and construed as a reference to these items as they read immediately before June 4, 1969.

BUDGET PAPERS

presented by

the Honourable Edgar J. Benson, M.P.,

Minister of Finance

for the information of Parliament

FOREWORD

The purpose of these Papers is twofold:

1. to present a general economic review of 1968 and early 1969, 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 some comments;
2. to present a preliminary review of the Government Accounts for the fiscal year ending March 31, 1969.

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The tables and charts in this Budget Paper are based upon data provided by the Dominion Bureau of Statistics, the Bank of Canada and other government agencies. A few of the figures appear for the first time; others have been published elsewhere. All 1969 figures and some of those for 1968 are preliminary and subject to revision.

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PART I

ECONOMIC WHITE PAPER FOR 1969

THE CANADIAN ECONOMY: RECENT DEVELOPMENTS

Introduction

In early 1969, the Canadian economy entered its ninth year of expansion. In perspective, there had been a period of recovery from 1961 until 1964, followed by two years of overheating, a year of adjustment and slower growth in 1967, and a resumption of strong growth in 1968 which gathered momentum toward the end of the year and carried forward into early 1969. Since 1965 increases in prices have been larger than desirable, and public policy has been designed to replace inflationary expansion by balanced and sustained growth.

The slower pace of economic activity apparent early in 1967 raised some concern that the economy might be entering upon a period of recession after the acceleration of 1965 and 1966. On the basis of past experience, such concern might well have been justified. The very rapid expansion of industrial capacity during the investment boom meant that the nation's stock of capital plant and equipment was sufficient to meet current and immediately prospective demand for goods and services. Commercial inventories were high. Bottlenecks had developed in construction, and cost and price increases signalled full employment of resources in many parts of the country. The unsustainable increases which had occurred in many sectors of the economy suggested that expectations of decline would not have been unreasonable.

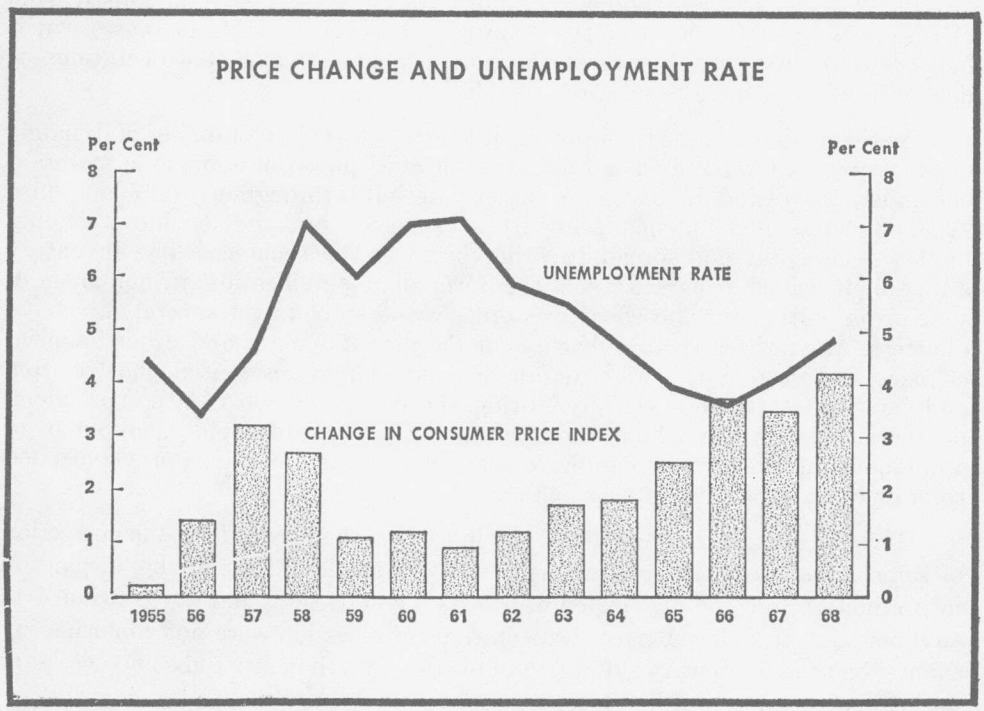
As the evidence came in, however, it became clear that a number of dynamic elements were at work during 1967. They proved powerful enough to maintain continued expansion in overall economic activity throughout 1967 and into 1968. Business investment declined, as expected, but the decline was only moderate and did not spread to other parts of the economy. The inventory adjustment which occurred took the form of a stabilization rather than of substantial cutbacks. The effect was orderly and spread over several successive quarters. Meanwhile, certain features of the new Bank Act and other financial changes had cleared the way for an increase in new residential construction, and housing starts rose sharply during the course of 1967. Although unemployment rose as the labour force continued to expand rapidly, employment and labour income also increased. Personal expenditures rose. Exports continued to grow in an expansive international environment.

Thus, although the year 1967 was indeed marked by a desirable correction of some imbalances the readjustment was overshadowed by further expansion in production, income and expenditure. As a result, total activity continued to advance, but at a slower pace. Expectations of recession were not confirmed by events, but the temporary slowdown in overall growth permitted some necessary cyclical corrections to take place.

In 1968, despite some strikes which affected a number of industries, the real growth of the economy again began to accelerate. By year-end the pace of advance had returned to a very high level. Among the elements which contributed, the increase in exports was a most important influence. This gain reflected both exceptionally strong demand for most of our traditional products and further rapid growth of exports of secondary manufactures; the continued rationalization of the North American automotive industry played a large part in this. Also of major importance in the renewed growth was the rapid expansion of activity in residential construction. Steadily increasing expenditures by individuals and governments contributed to the increase in overall demand, and renewed expansion of investment expenditures by the business sector now appears to be under way.

The rise in output which occurred in response to the 1968 demand growth was met to a considerable extent by rising productivity in goods-producing industries. Despite a year-over-year increase in employment, new job opportunities failed to match the still-rapid growth of the labour force. Unemployment was consequently higher than in 1967, for both men and women. In more recent months, however, the rate of unemployment has been declining although the labour force has continued to increase rapidly.

CHART 1



The pressure of costs and prices remains a major problem. Neither the 1967 slowdown nor the advance of productivity in 1968 has brought to an end the general advance in prices. Strong gains in prices late in 1968 have been followed by further substantial increases in the opening months of 1969. Rents and other housing costs are still moving upward at a rapid rate, with health and personal care items also recording large increases. New labour contract settlements, although fractionally less than in 1967, continued at high levels throughout 1968, reflecting strong collective bargaining positions, the pressure of current demand for certain kinds of labour, and expectations about future trends in general price levels.

Despite the still-excessive increase in prices, the Canadian balance of payments on current transactions achieved further substantial improvement in 1968. This was attributable to inflationary pressures in the United States which were even stronger than those in Canada, and to major strikes which increased U.S. requirements for Canadian metals. In these circumstances, demand for Canadian exports was strong, while imports, reflecting in part the stability of investment spending in Canada, did not rise as rapidly. The deficit on current account was the lowest since the early 1950s.

Financial developments

International financial disturbances and an increasingly inflationary environment and psychology combined to bring about extensive changes in financial conditions in Canada in 1968. As a result, long-term interest rates rose to record levels in the course of the year.

Interest rates began their marked rise in the late spring of 1967, in response to inflationary expectations and tightening monetary conditions in both Canada and the United States. The Canadian Bank Rate was raised from 4½ per cent to 6 per cent during the later months of the year.

Early in 1968 a combination of factors, including concern about the international monetary system, pessimism in some quarters about Canada's competitive position in world markets, and concern about the effect on Canada of new U.S. restrictions on business investment abroad, gave rise to a severe speculative run on the Canadian dollar. Policies affecting monetary and credit conditions in Canada during the first half of 1968 were designed first to meet this threat to the value of the Canadian dollar, and subsequently to allow foreign exchange reserves to be rebuilt and to repay the foreign funds borrowed to meet the crisis. In the early part of this period, short- and long-term interest rates in Canada moved significantly higher than U.S. rates, although the forward discount on the Canadian dollar often more than offset the short-term interest differential in favour of investment in Canada. Bank Rate was raised to 7 per cent in January and 7½ per cent in March.

In early March 1968, Canada was given complete exemption from those parts of the U.S. Balance of Payments Program administered by the U.S.

Department of Commerce and the Federal Reserve Board. This exemption, together with the calming effect in world financial markets of the establishment of the two-tier gold price system on March 17, brought to an end pressures on the Canadian dollar. A strengthening trend immediately set in and, by August, the short-term funds borrowed abroad had been repaid, the reserves had been rebuilt to their pre-crisis level, and the Canadian dollar was strong.

Several developments combined in the spring and summer of 1968 to improve the tone of securities markets in Canada. The economy had moved to a more sustainable rate of growth, the government's revised tax increases were passed by Parliament in mid-March, and there was some evidence that prices and wages were not rising as fast. International agreement on a scheme to create Special Drawing Rights and on the two-price gold system helped to stabilize the international situation. The enactment of U.S. tax increases and budgetary expenditure cuts in late June and the commencement of talks on peace in Vietnam also contributed to confidence. Short-term and long-term interest rates eased, and the chartered banks made substantial purchases of federal government bills and bonds to restore their liquidity position. Bank Rate was reduced in three stages, to 6 per cent, between early July and early September.

The modest improvement in bond prices and market psychology was short lived. As the third quarter drew to a close, it appeared that the U.S. fiscal measures passed in June were having less impact than expected. The Canadian economy continued to grow while prices maintained their advance without further improvement. The central banks of Canada and the United States both moved to reverse the monetary ease that had developed over the summer, in anticipation of the restraining impact generally expected from the new fiscal policies in both countries. By the end of the third quarter credit conditions were again tightening; yields were moving up in all sectors of the market and reached record highs for long-term bonds and mortgages. These developments, including larger-than-expected budgetary expenditures by the federal government, adversely affected Canadian financial markets. The Minister of Finance, in his October Budget, noted particularly the urgent need to check inflation, and announced a further programme of fiscal tightening to achieve a balanced budget in the 1969-70 fiscal year. Taxes were increased for the second time in 1968. In November, renewed uncertainties about the French franc and the British pound resulted in speculative funds moving out of both those countries, mainly into Germany, and from currencies into gold. These factors continued in varying degrees to affect the situation into the first quarter of 1969.

The most significant and pervasive factor influencing financial markets throughout 1968 was the inflationary psychology, a phenomenon which had been taking root in the previous three years. It had many manifestations. Despite historically high and rising yields, even at levels which appeared to anticipate a continuation of inflation, the market for long-term bonds in Canada became progressively less receptive to new issues. As a result, although Canadian governments and corporations borrowed more through the sale of bonds in

1968 than they did in 1967, net sales of bonds in Canada were down substantially. Foreign borrowings were, however, more than double the high level of 1967. The main feature of this foreign borrowing was the large-scale use for the first time of the continental European bond market, especially in Germany.

Canadian financial institutions and investment funds accelerated their move from long-term fixed income securities into shares, real estate, and money market instruments. Holdings of mortgages, however, increased significantly as the high level of interest rates attracted substantial investment flows without restraining the demand for new housing.

As common stock prices rose, stock yields fell from about 4.75 per cent in March to about 3.50 per cent at year end, or to about half the yield obtainable on long-term Government of Canada bonds. This situation reflected the accelerated move into stocks by financial institutions, funds, and individuals seeking a hedge against inflation, as well as the higher profits of Canadian and U.S. corporations. Although the new issues of corporate stocks in Canada in 1968 were slightly larger than in 1967, non-resident purchases were over three times as high, and the amount purchased by Canadians declined substantially.

THE CHANGING PRESSURES OF DEMAND

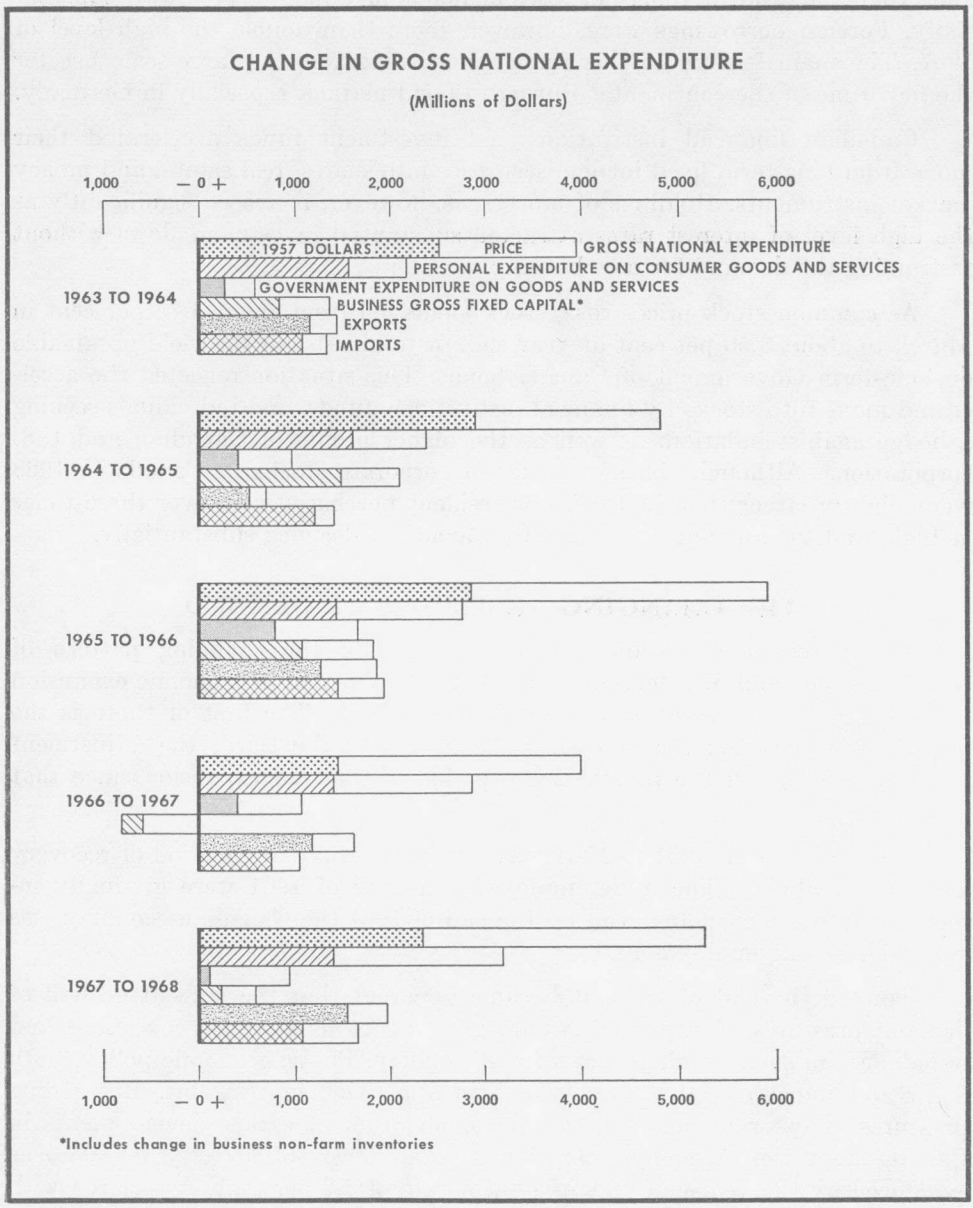
To appreciate the economic consequences of the changing pattern of supply and demand, it is helpful to divide the long period of economic expansion from 1961 to the present into four distinct periods. The first of these is the period 1961 to 1964; the second, 1965 and 1966; the third, the adjustment period of 1967; and the fourth is the period of renewed expansion since that time.

The period from 1961 to 1964 may be characterized as a period of recovery and price stability. The underemployed resources of 1961 were gradually integrated into the economy, and by the end of 1964 the Canadian economy was approaching full employment.

Toward the end of 1965, it became apparent that the current growth of demand pressures, if sustained, would give rise to inflationary conditions and imbalances in some or all sectors of the economy. Public economic policy, both fiscal and monetary, therefore moved to a position of restraint. But strong pressures of external demand and the momentum of earlier developments in Canada kept the economy operating at high levels of activity in 1966, as evidenced by the year-end unemployment rate of 3.6 per cent. Associated with the sustained high rate of demand growth was a 4.6 per cent rise in the overall price level in 1966 compared to 1965.

After the second quarter of 1966, partly as a result of policy restraints, the rate of growth in real Canadian economic activity abated, falling to 3.1 per cent in 1967 from 6.4 per cent in 1966. The rate of price advance also moderated after the peak year of 1966, but only slightly as cost pressures resulting from the earlier build-up of demand continued to affect the economy.

CHART 2



Personal sector

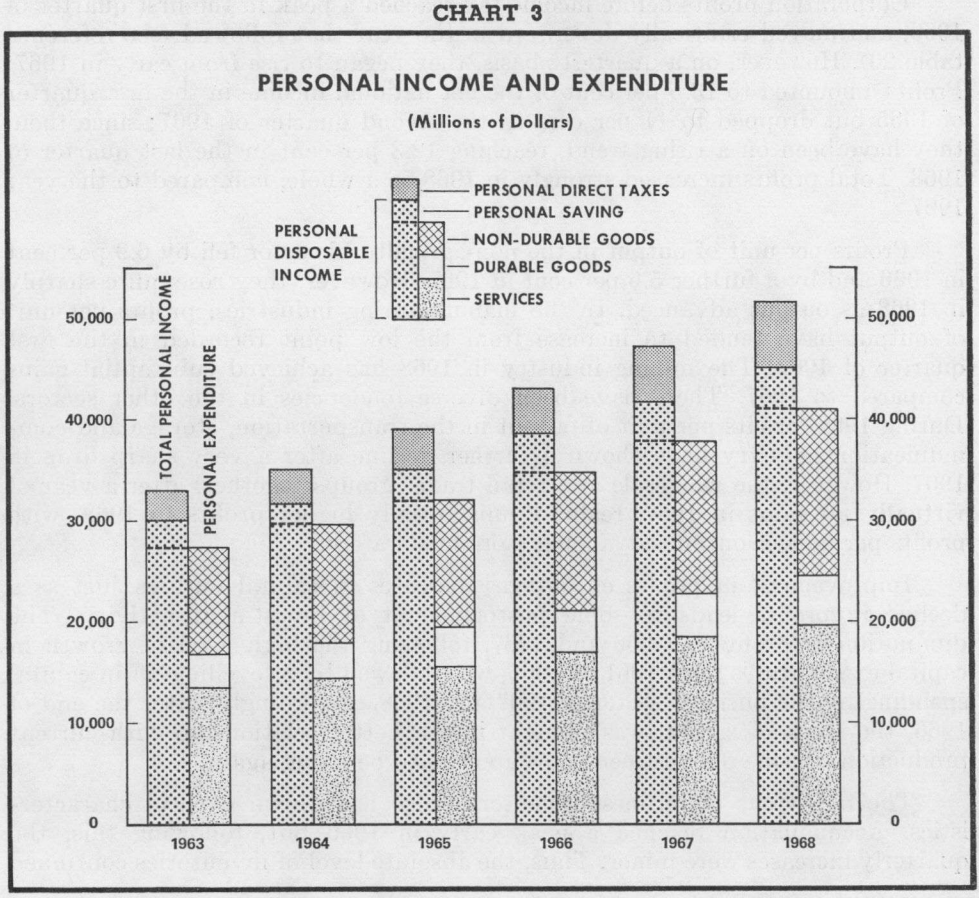
The rate of increase in personal income, after the 11 per cent rise in 1965, slowed only slightly in the following two years; the growth was still nine per cent in 1968. These sustained increases were due, in the first place, to large annual increases in labour income which reflected both employment growth and gains in average earnings. Secondly, in 1967 there was a very sharp increase in transfers from governments to individuals.

Labour income accounted for 67.5 per cent of total personal income in the first quarter of 1965 and rose to 69.8 per cent in the fourth quarter of 1968. (Labour income represents more than two-thirds of net national income). Over the same period, the nation's total pay packet increased by 45.7 per cent. Transfers to persons (excluding interest on government debt) increased, over the same period, by 68.8 per cent. These transfers, which accounted for 12 per cent of personal income in the first quarter of 1965, accounted for 14 per cent in the last quarter of 1968. Investment income has remained at around 10 or 11 per cent of total personal income throughout this period.

The rate of annual increase in personal disposable income, which is the income available to the individual after taxes, has declined over the past four years. In 1965, disposable income rose by nearly 11 per cent, but the annual advance has since moderated steadily and in 1968 the gain was below 8 per cent. On a per capita basis the deceleration has been somewhat greater.

Despite this trend in personal disposable income, personal expenditures on goods and services have maintained a rate of increase averaging close to 8.5 per cent per year; this rate advanced slightly during 1968. Such an increase has a substantial impact on national expenditure, as the personal sector accounts for more than 60 per cent of this total.

CHART 3



Personal expenditure on consumer durables was more erratic. In both 1966 and 1967 the increase was about 4 per cent, while in 1968 it jumped sharply to 10 per cent. In real terms, the changes were even more volatile, owing to substantial price increases in 1967, which reduced to about one per cent the real growth in consumer durable purchases. These price increases contrasted with relative price stability over a considerable preceding period. In 1968, the increase in prices was somewhat smaller.

In 1968, expenditures on non-durable goods increased by 6.5 per cent, somewhat below the level of 1967, which had been remarkably high, perhaps largely because of Expo. In the case of services, the increase was 10.5 per cent of which nearly half represented price.

As a result of the sustained advance in total money expenditures by individuals, the margin of saving in the non-farm personal sector has been declining as a percentage of disposable income. Although this ratio is still high by historical standards, its decline has reflected the expansionary influence of the personal sector since the period of adjustment in 1967.

Business sector

Corporation profits before income tax reached a peak in the first quarter of 1966, and moved erratically downward in the year that followed (see reference table 20). However, on a quarterly basis, they began to rise from early in 1967. Profits amounted to 13.5 per cent of the net national income in the first quarter of 1965 but dropped to 11 per cent in the second quarter of 1967; since then, they have been on a rising trend, reaching 12.3 per cent in the last quarter of 1968. Total profits increased strongly in 1968 as a whole, compared to the year 1967.

Profits per unit of output in the non-agricultural sector fell by 6.9 per cent in 1966 and by a further 5.6 per cent in 1967. However, they rose quite sharply in 1968 as output advanced. In the manufacturing industries, profits per unit of output have tended to increase from the low point recorded in the first quarter of 1967. The mining industry in 1968 has achieved substantial gains compared to 1967. There have been diverse tendencies in the other sectors. During 1968, profits per unit of output in the transportation, storage and communication industry have shown a further decline after a very sharp drop in 1967. However, the wholesale and retail trades groups together, after a year of virtually no gains in 1967, realized substantially higher profits in 1968, with profits per unit of output advancing more moderately.

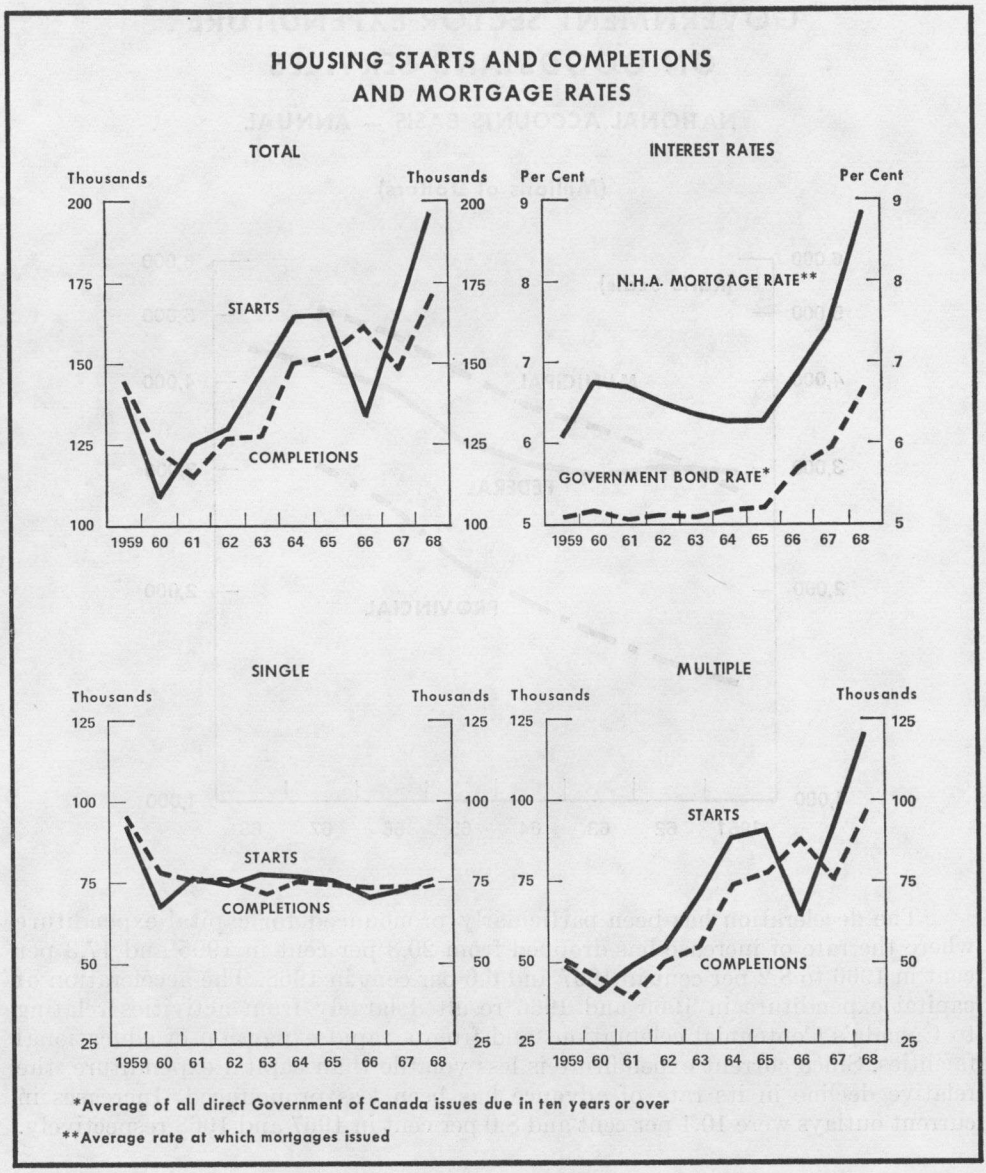
Improvement in profits encourages increases in capital outlays, just as a decline in profits leads to some postponement of investment activity. The diminution of profits in 1966 and 1967, following the high level of growth in capital expenditures from 1961 to 1966, was followed by a levelling-off in capital spending by the business sector in 1967 and 1968. Accordingly, after the end of 1966, the stock of capital was brought into a better relationship with current production. Business investment now appears to be rising again.

The behaviour of business inventories also has shown cyclical characteristics. Accumulation reached a peak early in 1966 but, following this, the quarterly increases were minor. Thus, the absolute level of inventories continued

to rise until the last quarter of 1967, when it declined. During 1968 a rising trend became re-established, and the inventory build-up has been of normal proportions.

Expenditures for residential construction have varied considerably over the past three years. In 1966, conditions in the financial markets caused a very appreciable decrease in the funds available for mortgages. As a result, residential construction dropped off sharply that year. However, this trend was reversed in 1967 and housing expenditures increased during the year. This was followed by a major thrust in new housing starts in 1968, to record levels.

CHART 4



Government sector demand for goods and services

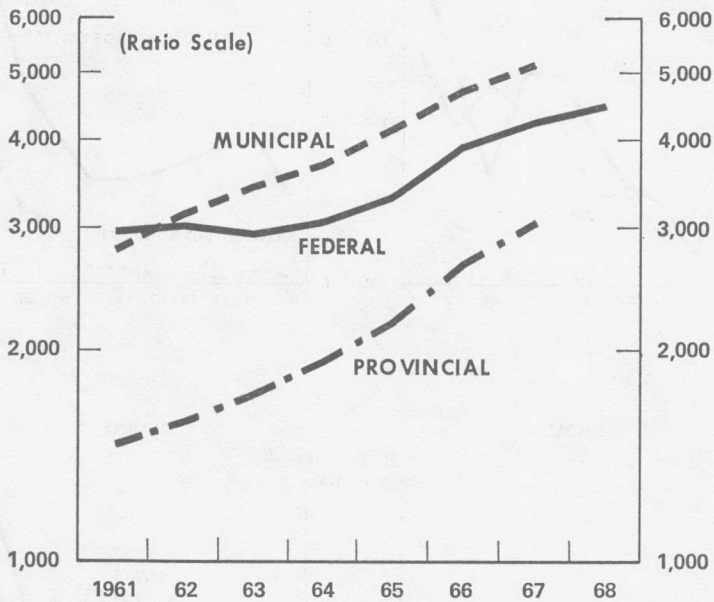
The rate of increase of total public expenditure on goods and services has abated appreciably from the 11.1 per cent and 17.4 per cent advances recorded in 1965 and 1966 respectively. Expenditure grew by 9.7 per cent in 1967 and by 7.7 per cent in 1968. Price changes accounted for 4.8 per cent and 6.5 per cent of these increases respectively. The real increase in total government spending on goods and services was 4.7 per cent in 1967 and 1.1 per cent in 1968.

CHART 5

GOVERNMENT SECTOR EXPENDITURE ON GOODS AND SERVICES

NATIONAL ACCOUNTS BASIS — ANNUAL

(Millions of Dollars)



The deceleration has been particularly pronounced for capital expenditure where the rate of increase has dropped from 20.3 per cent in 1965 and 17.3 per cent in 1966 to 8.2 per cent in 1967 and 6.6 per cent in 1968. The acceleration of capital expenditure in 1965 and 1966 resulted largely from activities relating to Canada's Centennial celebrations and from a rapid expansion of educational facilities. Since current expenditure is less volatile than capital expenditure, the relative decline in its rate of advance has been less pronounced. Increases in current outlays were 10.1 per cent and 8.0 per cent in 1967 and 1968 respectively.

TABLE 1

PUBLIC EXPENDITURE ON GOODS AND SERVICES

	1963	1964	1965	1966	1967	1968
	(Millions of dollars)					
Current expenditure	6,273	6,813	7,400	8,689	9,568	10,344[1]
Capital expenditure	1,802	1,841	2,214	2,597	2,809	2,995[1]
Total current dollars	8,075	8,654	9,614	11,286	12,377	13,329
	(Per cent change from previous year)					
Current expenditure						
Real	1.4	4.8	4.7	10.4	4.8	n.a.
Price	3.8	3.6	3.7	6.3	5.1	n.a.
Total	5.2	8.6	8.6	17.4	10.1	8.0[1]
Capital expenditure						
Real	−1.6	1.2	8.8	10.2	4.3	n.a.
Price	4.3	0.9	10.4	6.4	3.7	n.a.
Total	2.7	2.2	20.3	17.3	8.2	6.6[1]
All expenditure on goods and services						
Real	0.5	3.9	5.8	10.4	4.7	1.1
Price	4.1	3.2	5.0	6.3	4.8	6.5
Total	4.6	7.2	11.1	17.3	9.7	7.7

[1] Data for 1968 are Department of Finance estimates.

As noted, the inflationary pressures at work since 1965 have pre-empted a significant proportion of the growth in value of public expenditure on goods and services. Price changes accounted for over half of the 10.1 per cent value increase registered by current expenditure in 1967. In 1968, price changes will account for an even larger proportion of the 8 per cent total increase. For capital expenditure, price increases of 3.7 per cent in 1967 were responsible for just under half of the value increase, and they could account for two-thirds of the 1968 increase.

Foreign sector: exports and the current account

The current account of the balance of payments reflects many important aspects of the state of the economy. Imports rise as the economy grows. They rise more rapidly when demand is strong and inflationary pressures are powerful. In this, they can be a useful safety-valve, supplying the marginal needs which might otherwise result only in sharp price gains. A disproportionate rise in imports is a major indicator of inflationary excess demand, and a rapid rise in the price level similarly is an inducement to an increased inflow of goods and services. Imports are thus both an indicator and a regulator.

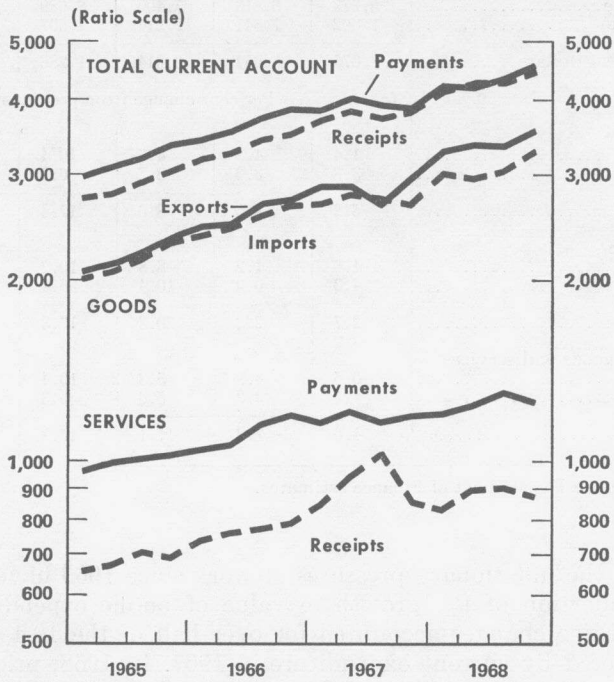
The growth in exports depends upon economic growth in other countries, and upon cyclical variations in those countries. As the economies of the world become more closely linked, cyclical movements become more closely related.

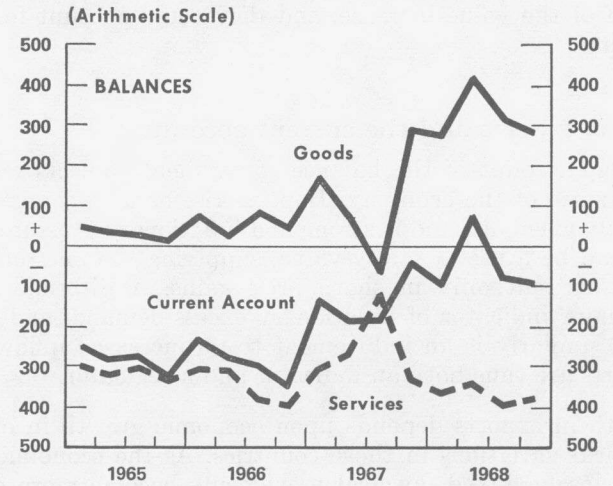
CHART 6

BALANCE OF PAYMENTS — CURRENT ACCOUNT

SEASONALLY ADJUSTED — BY QUARTERS

(Millions of Dollars)





Business fluctuations in Canada and the United States (our major customer and supplier) are usually similar in timing, and thus, as pressure of domestic demand upon productive resources increases, pressure of demand upon the export industries also grows.

In the period of growth from 1961 to 1966, shared alike by Canada and the United States, the Canadian economy could at first meet growing domestic demand out of idle domestic resources, and imports grew relatively slowly. This situation changed to one of more rapid growth as Canadian resources became more fully employed. Exports, reflecting strong demand abroad, grew even more rapidly over the period.

In 1967, exports of goods and services rose by 12 per cent and imports by 6 per cent; in 1968, exports rose by nearly 14 per cent and imports by 11 per cent. These trends are consistent with the easing of pressures in the domestic economy in 1967, and with a move toward accelerated growth in 1968.

Detail in reference table 6 shows that buoyant demand abroad indeed represented a major contribution to the demand pressures of the early period, although the growth of imports in the later part of the period eased the inflationary impact by contributing significantly to available supply. The non-merchandise deficit increased, although this was almost entirely due to the swing of the travel account away from the extraordinary surplus achieved during the year of Expo '67.

TABLE 2

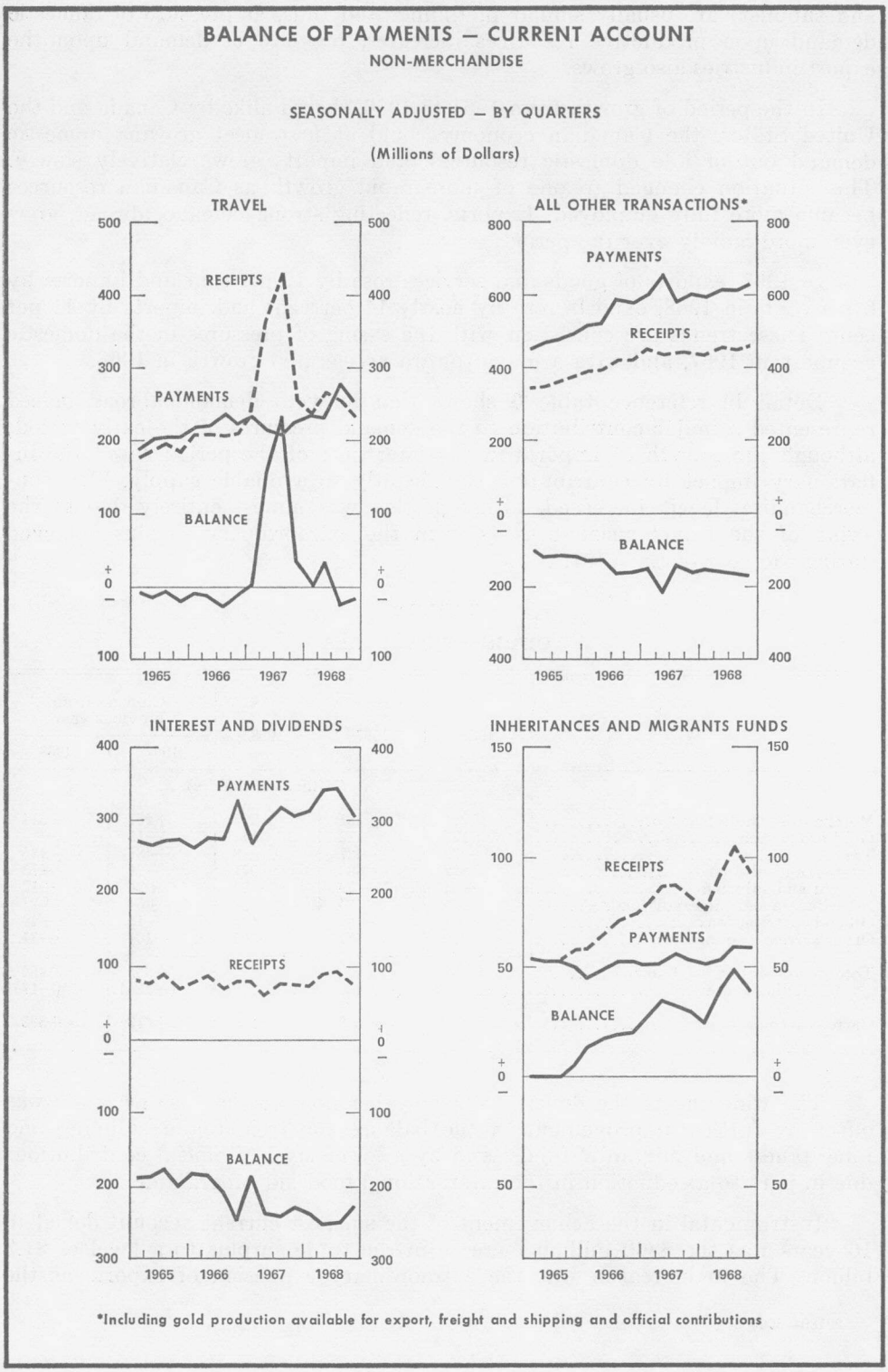
CURRENT BALANCES

	1966	1967	1968	Changes from previous year	
				1967	1968
	(Millions of dollars)				
Merchandise trade balance	224	481	1,295	+257	+814
Gold production	127	112	112	−15	—
Travel	−60	427	−8	+487	−435
Interest and dividends	−822	−896	−971	−74	−75
Freight and shipping	−65	−39	−22	+26	+17
Inheritances and migrants' funds	70	124	151	+54	+27
Official contributions	−166	−181	−133	−15	+48
Other current transactions	−470	−571	−605	−101	−34
Total non-merchandise balance	−1,386	−1,024	−1,476	+362	−452
(excluding travel)	(−1,326)	(−1,451)	(−1,468)	(−125)	(−17)
Current account balance	−1,162	−543	−181	+619	+362

The widening of the deficit on some other non-merchandise accounts was offset by further improvement in the balances on freight and shipping and inheritances and migrants' funds, and by a lower level of official contributions due in part to a reduction in the international food aid programme.

Instrumental in the achievement of the smallest current account deficit in 16 years was the $800 million increase in the trade surplus to a level of $1.3 billion. The main reason was the extraordinary expansion of exports as the

CHART 7


BALANCE OF PAYMENTS — CURRENT ACCOUNT
NON-MERCHANDISE
SEASONALLY ADJUSTED — BY QUARTERS
(Millions of Dollars)
TRAVEL
RECEIPTS
PAYMENTS
BALANCE
ALL OTHER TRANSACTIONS*
PAYMENTS
RECEIPTS
BALANCE
INTEREST AND DIVIDENDS
PAYMENTS
RECEIPTS
BALANCE
INHERITANCES AND MIGRANTS FUNDS
RECEIPTS
PAYMENTS
BALANCE
1965
1966
1967
1968
*Including gold production available for export, freight and shipping and official contributions

result of faster growth in the United States than in Canada. U.S. import demand was further reinforced by labour disputes in that country, which imparted a particular stimulus to Canadian shipments of copper and iron and steel during the fourth quarter of 1967 and the first half of 1968. The increase in Canadian imports in 1968 was enlarged by the growth in the two-way trade in automotive products, but moderated by the lack of growth in business outlays on machinery and equipment, which have a high import content. Consequently, the trade surplus rose substantially, and the pressure on production capacity in Canada was thus significantly increased. Not until the fourth quarter did the growth rate of imports exceed the rate of export expansion, and the trade surplus then fell slightly below the level of the corresponding period of 1967.

TABLE 3

MERCHANDISE TRADE

(Balance of Payments basis, seasonally adjusted)

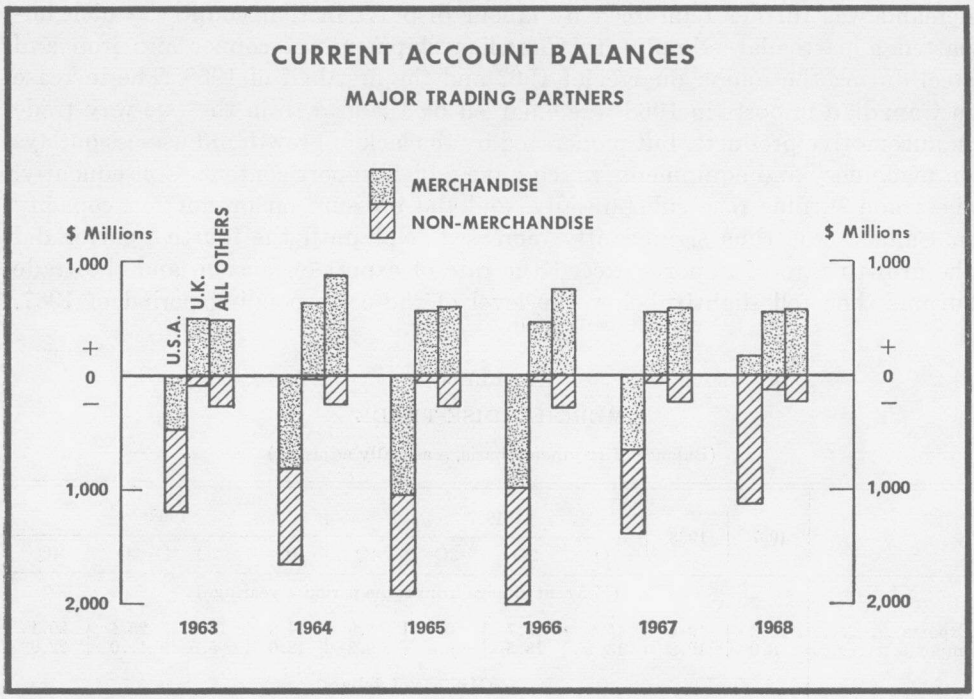
	1967	1968	1967				1968			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Per cent change from same period a year ago)									
Exports	10.3	19.4	16.6	15.7	0.7	8.9	14.8	17.3	25.4	20.4
Imports	8.0	12.8	13.1	13.5	6.4	0.2	12.0	5.6	11.0	22.9
	(Millions of dollars)									
Balance	481	1,295	172	79	− 63	293	274	418	317	286
Change from previous year	+257	+814	+97	+58	−147	+249	+102	+339	+380	−7

On a Trade of Canada basis (i.e., before adjustment for balance of payments purposes), the trade surplus in 1968 was $1.2 billion, an increase of $675 million from the previous year. The surplus on trade with the United States at $123 million represented a swing from substantial and typical deficits, and was more than the overall improvement in the merchandise balance.

The deficit on trade in motor vehicles and parts, which can be attributed almost entirely to the United States, contracted by about $80 million, contributing only in a small way to the improvement of the bilateral balance with the United States. Canadian exports of wheat and flour declined further, despite a good recovery of shipments to Mainland China. All other major markets reduced their wheat purchases from Canada. In the case of South Africa, this accounted for more than the total reduction in the trade surplus with that country, and in the case of Japan, for more than half of it.

The greater strength of exports in 1968 was thus largely related to the buoyancy of demand in the United States. Shipments to the EEC accelerated only moderately, while those to the U.K. recorded an even smaller increase than in 1967. Exports to Mainland China rose nearly 80 per cent, but the increase was based on the very low level of the previous year, and was in any case offset

CHART 8



by further declines in sales to other state-trading countries. Japanese purchases from Canada, which in 1967 rose by 45 per cent, fell off substantially during the first few months, and the gain for the year as a whole reached only 6 per cent. Exports to Australia also rose less rapidly and those to South Africa fell substantially.

On a commodity basis, wheat shipments fell for the second year in succession, but exports of motor vehicles and parts continued to advance rapidly, accounting for nearly half the gain in overall exports. Nevertheless, the demand for other Canadian products also rose much more than in the previous year, and this found expression in larger increases in shipments of forest products, iron ore and scrap, aluminum, and iron and steel. On the other hand, some slowdown took place in the rate of exports of oil and gas and nickel.

In the case of imports, the acceleration was largely attributable to transactions with the United States, although there was also a significant recovery in purchases from the U.K. Imports from Japan and Venezuela rose at about the same high rates as in the previous year, but those from the EEC advanced at a much slower pace.

The composition of imports in Canada is such that end products show a much faster growth rate than primary and fabricated materials. This was true again in 1968, but to a lesser extent. Imports of motor vehicles rose at about the same rate as in 1967, but those of production equipment were flat and there were declines in some sectors, particularly agricultural machinery and tractors.

On the other hand, imports of drilling machinery and of machinery for the plastics and chemical industries registered very substantial increases. Imports of some end products, such as aircraft, communications equipment and textiles were very buoyant, while iron and steel purchases registered another decline.

REGIONAL ACTIVITY

Variations in the regional structure of the Canadian economy give rise to differences in incomes, employment, investment patterns, and rates of economic growth from one region to another. In a country of such great geographic diversity as Canada, regional economic developments may diverge quite widely from the national trend in response to differing circumstances affecting the regions.

At times, when prices are rising too rapidly and when certain regions of the country are more fully employed, such as the present, measures designed to increase economic activity in those areas with under-employed resources must of necessity be different from policies designed to raise the level of economic activity throughout the whole country. Accordingly, programmes to reduce regional inequalities present a serious challenge to the policy-maker.

Among the current indicators of the level of regional activity, the regional labour force data provide a useful guide to trends and developments. Reference table 33 shows that unemployment in Ontario, the most highly industrialized labour market region, remains very low, having returned to the levels of late 1966. The rate in the prairie region is also lower than the average, although the low rate itself (which is characteristic of this region) is not so much an indication of local pressures which could contribute to price advance as a reflection of the high proportion of self-employed farmers in this part of Canada. In this region, as in all others, the unemployment rate now appears to be moving downward. The rapid growth in employment opportunities in British Columbia attracts workers; the unemployment rate in that province is usually higher, reflecting in part the resulting frictional unemployment. Trends in the Atlantic region are showing more improvement relative to the rest of Canada than has been typical in the past; and Quebec, due to adjustments after Expo year, has recently lagged in relative terms. These trends are summarized in the following figures:

TABLE 4

UNEMPLOYMENT RATES BY REGION

Expressed as a ratio of the unemployment rate for Canada

	1967				1968				1969
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Atlantic	1.69	1.71	1.56	1.49	1.48	1.59	1.58	1.59	1.54
Quebec	1.31	1.28	1.27	1.28	1.35	1.31	1.30	1.43	1.48
Ontario	0.75	0.76	0.80	0.77	0.75	0.76	0.77	0.70	0.65
Prairies	0.53	0.54	0.57	0.59	0.59	0.62	0.71	0.58	0.61
British Columbia	1.27	1.21	1.21	1.28	1.27	1.25	1.25	1.15	1.17

Although changing industrial patterns and numbers of part-time workers raise statistical problems, a comparison of average wages earned gives another general indication of economic developments. In 1967, the average wages earned by each employed worker in the Atlantic region was close to 80 per cent of the national average, and the proportion increased to about 82 per cent in 1968. In the prairies the proportions were somewhat higher than in the Atlantic region. Quebec was marginally below the national average in 1967, and moved closer in 1968. In Ontario, average earnings were consistently close to 111 per cent of the national average in both years, and in British Columbia there was a decline in relative earnings, from around 114 per cent of the national average in 1967 to around 110 per cent in 1968.

Capital expenditures provide another useful guide to the strength of the economy in the various provinces. For Canada as a whole, as noted elsewhere, outlays on new investment levelled off in 1967 after three years of very rapid growth, and moved up only modestly in 1968. Among the provinces, however, developments have varied. British Columbia, after the vast pulp mill developments of earlier years, recorded a slight drop in 1968. The prairie provinces have shown sustained strength as a group, although the Saskatchewan picture has recently softened as the potash development programme has moved to completion. Manitoba has shown consistent advances in capital outlays in the business sector, which for Canada as a whole have been level since 1966. Alberta also has shown above-average strength in both business and housing. Business investment in Ontario has been virtually flat, at a relatively high level, since 1966. In Quebec, the completion of major Expo projects in late 1966 was followed by a fairly sharp drop in business spending in 1967, but total outlays advanced modestly in 1968. In New Brunswick, as some major projects were completed, business expenditures fell very steeply in 1967 and 1968. Nova Scotia and Newfoundland have each recorded continued gains of some magnitude; in the latter case the influence of the Churchill Falls project has been important, but in Nova Scotia the business sector has been declining, while housing and the public sector have been moving forward. Investment in Prince Edward Island has shown no growth since 1965, and recorded a decline in 1967.

The 1969 outlook in the provinces is still mixed. The Atlantic region as a whole shows more widespread strength with a major swing from decline to growth in New Brunswick; Nova Scotia and Newfoundland also record new advances. According to the survey of capital investment intentions, Prince Edward Island appears likely to experience some further decline. In Quebec, a rather modest total advance reflects gains in housing and the public sector. In Ontario, an expected very substantial advance in the business sector and a large advance in housing will result in a major increase in total outlays—a potentially inflationary danger. The prairie region reflects continued but more modest gains in Manitoba, an expected decline in Saskatchewan, and an average increase in Alberta, so that the region as a whole reveals rather less investment growth than in 1968. British Columbia, after a slight drop in 1968, should record some advance in 1969, although a fall in utilities (as major hydro-electric projects move closer to completion) offsets other gains in the business sector. Details are shown in reference tables 15 and 16.

CHART 9

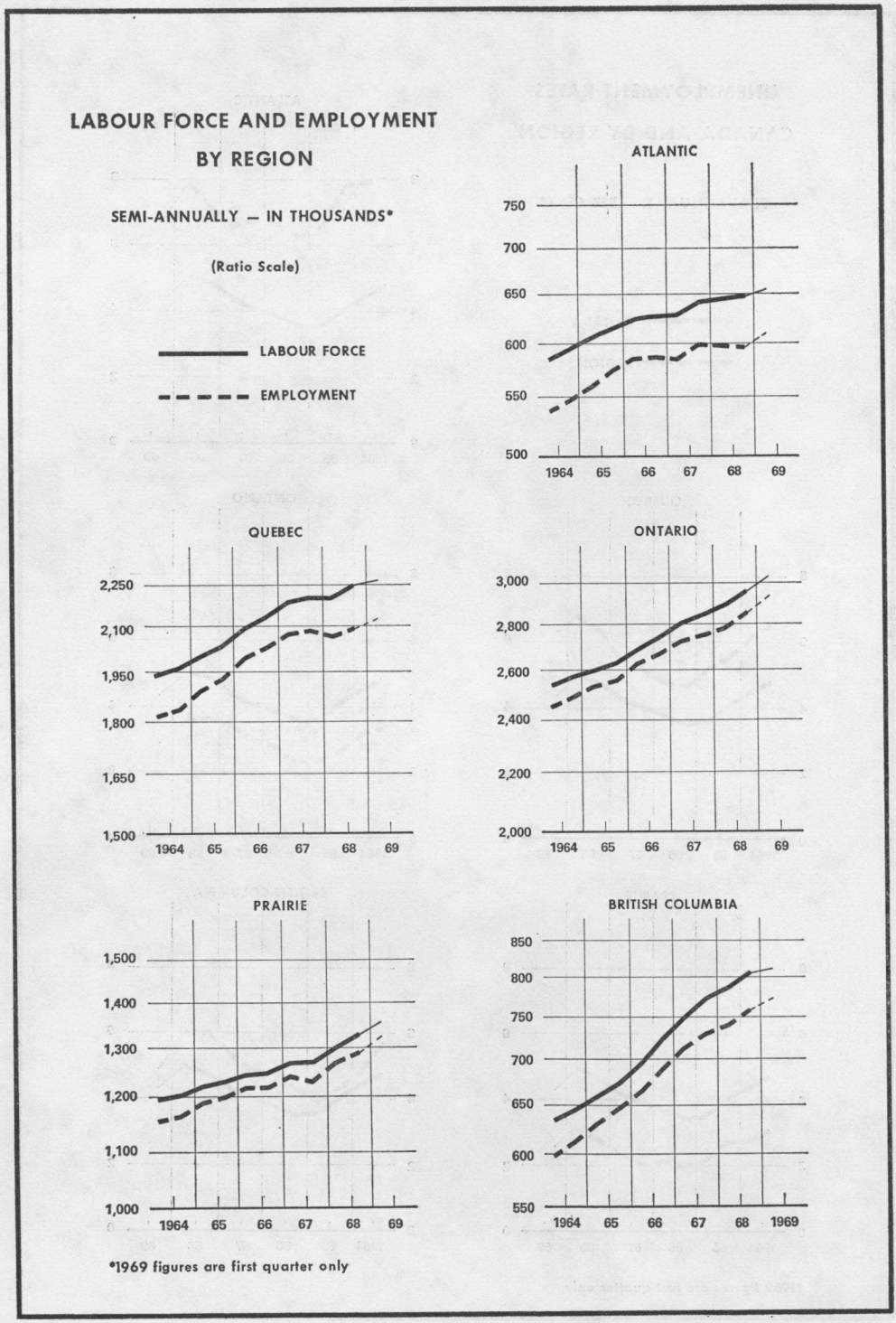
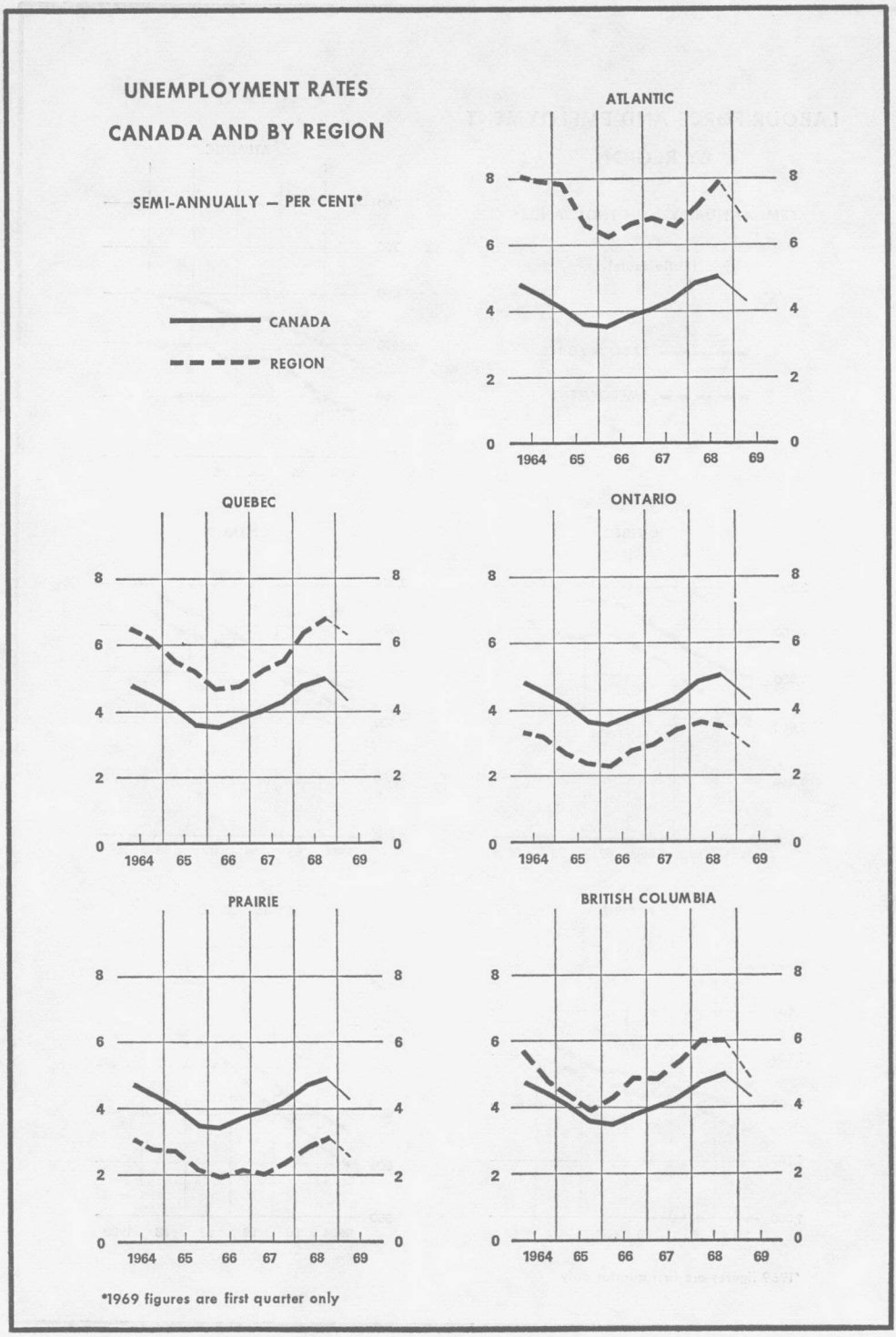

LABOUR FORCE AND EMPLOYMENT
BY REGION
SEMI-ANNUALLY — IN THOUSANDS*
(Ratio Scale)
LABOUR FORCE
EMPLOYMENT
ATLANTIC
750
700
650
600
550
500
1964
65
66
67
68
69
QUEBEC
2,250
2,100
1,950
1,800
1,650
1,500
1964
65
66
67
68
69
ONTARIO
3,000
2,800
2,600
2,400
2,200
2,000
1964
65
66
67
68
69
PRAIRIE
1,500
1,400
1,300
1,200
1,100
1,000
1964
65
66
67
68
69
BRITISH COLUMBIA
850
800
750
700
650
600
550
1964
65
66
67
68
1969
*1969 figures are first quarter only

CHART 10


UNEMPLOYMENT RATES
CANADA AND BY REGION
SEMI-ANNUALLY — PER CENT*
CANADA
REGION
ATLANTIC
QUEBEC
ONTARIO
PRAIRIE
BRITISH COLUMBIA
0
2
4
6
8
1964
65
66
67
68
69
*1969 figures are first quarter only

Trends in retail trade have varied from one region to another. In 1968, the uncertain condition of world wheat markets, together with the existence of large stocks of unsold grain, were associated with little change in total retail sales in Saskatchewan. In British Columbia, by contrast, settlement of major forest industry labour disputes early in 1968 was followed by a rise of 8 per cent in retail sales in the year. In Newfoundland, a heavy construction programme was instrumental in raising personal expenditures by 9 per cent in the year. In Quebec, after the Expo climax of 1967, the 1968 increase in retail sales was only 2.5 per cent.

Similarly, regional specialization in particular types of products, together with recent and prospective developments of markets and of transportation technology, have influenced the pattern of capital expenditures in the various regions. The potentialities of bulk carriers of primary products, loading at deep water ports, have already influenced profoundly economic developments in western Canada and may well have begun to bring about far-reaching changes in the east. In Alberta and British Columbia these developments have been supported by the development of railway and other inland transportation, and have made feasible the large-scale exploitation of primary resources which previously would not have been economic. These developments have been sparked by growing demand, particularly from Japan, for many primary products, but in their turn they open up new competitive possibilities in many other markets. The future location of oil refineries and the petro-chemicals industries will also be affected by new transportation techniques, and here again export prospects are an important factor. The specialization of the central provinces in manufacturing, and the location of their major export markets in the highly-industrialized, densely-populated adjacent American states, have now resulted in renewed emphasis on investment in manufacturing facilities in this part of Canada, particularly metals, machinery and transportation equipment.

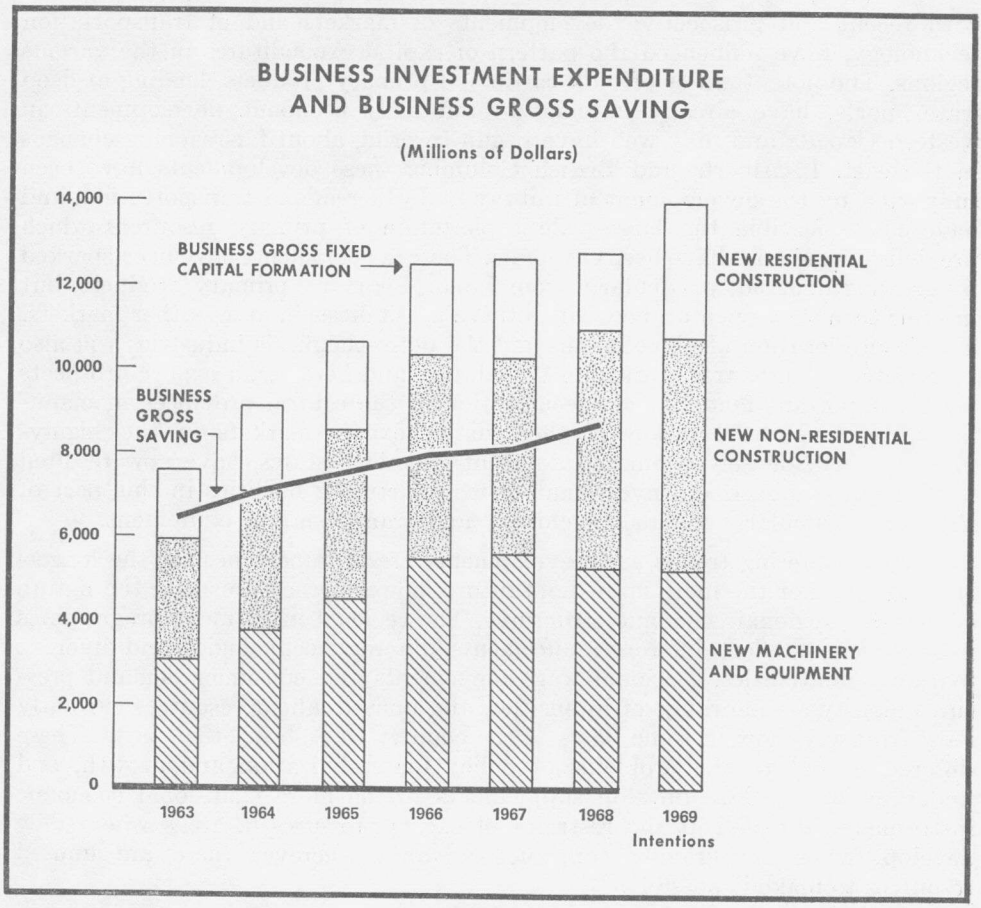
These differing trends and developments are of importance for the longer-term future. For the more immediate future, however they illustrate the nature of differing regional economic structures. The regional investment programmes in some degree reflect different inducements, different technologies, and different market potentialities. Regional wage movements and consumer demand pressures display a wide range of intensities, and unused labour resources currently vary from very low in some parts of the country to high in other parts. These differences add to the problems of policy for stabilization and growth, and underline the need to develop supplements to the more traditional economic instruments, directed at the restraint of excess pressures in areas where they develop, while encouraging continued advance wherever there are unused resources to make it possible.

THE BALANCE OF THE ECONOMY: SOURCE AND DISPOSITION OF SAVING

The economic acceleration of 1968 arose from renewed demand strength and continued growth in almost all sectors. Only business investment showed little significant expenditure change in 1968. As noted, merchandise exports grew by nearly 20 per cent, and housing, consumer and government spending all increased substantially in percentage and dollar terms.

As may be seen by the table on source and disposition of saving (reference table 57), there was little change in the level of personal saving in 1968 and there was less call on real resources from abroad (as measured by the reduced deficit on current account). But substantial increases in savings both by the business sector and the government sector, including the Canada and Quebec pension plans, took place. These savings matched the increase in outlays on housing and business inventories, and there was, as noted, virtually no change in the level of business fixed investment.

CHART 11



There was a moderation in the rate of growth of personal saving, as the increase in expenditure exceeded the growth in personal disposable income. The needs of the business sector for saving were moderated by the unchanged level of business investment. With respect to governments, the growth in the surplus (on a national accounts basis, including contributions to the Canada and Quebec pension plans), represented an additional source of saving to the economy, which was used to finance in part the very large investment and lending operations of all levels of government.

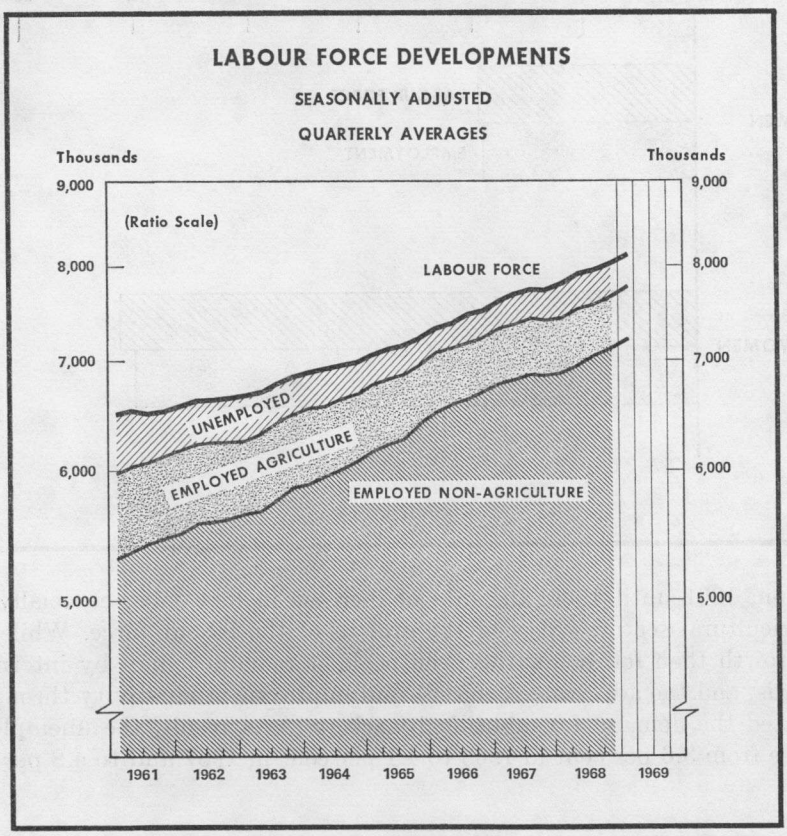
While the capacity of the economy to meet increasing demand grows from year to year, it can be seen from the 1968 experience that a renewed growth in business investment, together with sustained demands from other sectors of the economy, would require additional saving, either from domestic sources or from abroad. These savings arise domestically from a moderation in the spending, relative to income, of each major sector, and from abroad in the form of a widening of the current account deficit, necessitating a corresponding inflow of capital. The extent and degree to which the various sectors generate saving, given spending demands, helps determine changes in prices or in the balance of payments. In terms of pressure on resources, this means that a rising investment programme should be matched by more moderate growth in net demand by the other sectors.

EMPLOYMENT, PRICES, COSTS AND PRODUCTIVITY

Employment

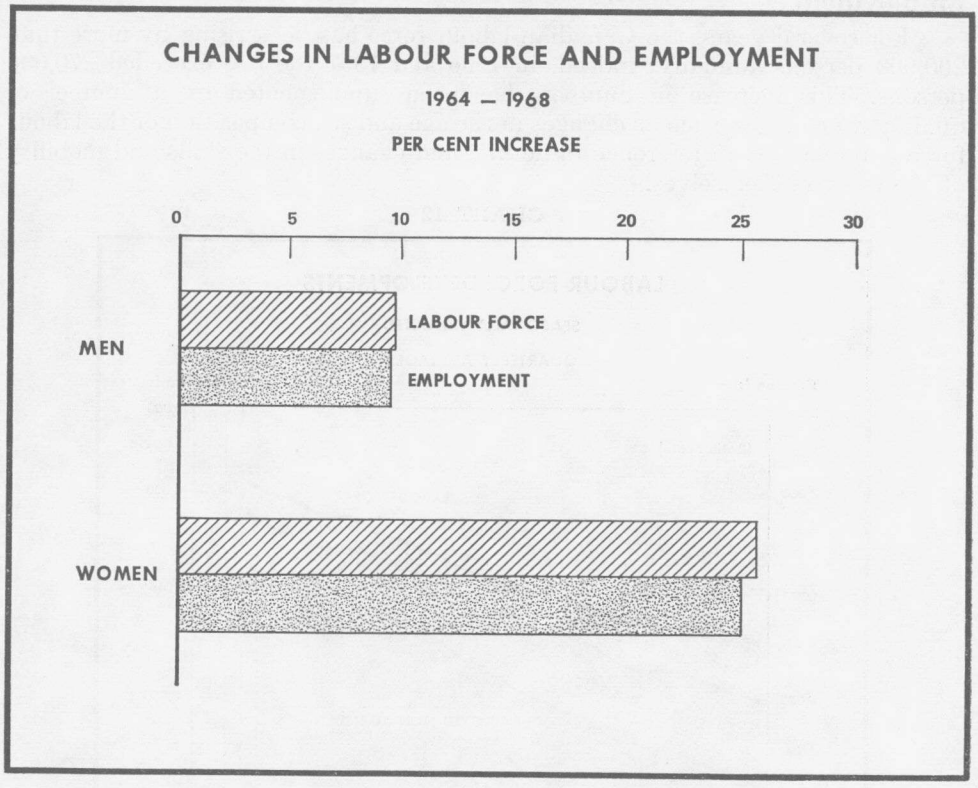
For several years, the Canadian labour force has been rising by more than 200,000 persons annually; indeed, in 1966 and 1967 the rise exceeded 270,000 persons. This increase in numbers has been supplemented by a number of qualitative changes, such as changes in the age and sex composition of the labour force (summarized in reference table 27), and changes in the skills and mobility of the workers themselves.

CHART 12



Since 1961, the proportion of those aged fourteen and over who are employed or actively seeking employment has shown some extensive changes. The number of women participating in the labour force has increased very substantially during this period, while the participation rate for men has shown a modest decline. The influence of extended years of schooling has sharply reduced the proportion of young men seeking work or holding jobs, while young women are today remaining at work longer. The net rise in participation rates has been associated with the prolonged expansion beginning in 1961; the period of slower growth in 1967, as was to be expected, was accompanied by a check in the upward trend of the total participation rate, but this has since resumed its advance. Among adult men, the participation rate has remained relatively constant.

CHART 13



From 1961 until 1966, the rate of increase in new jobs, especially in the non-agricultural sector, exceeded the growth of the labour force. While labour force growth then fell below the 1966 peak, it remained high by international standards, and the adjustment of 1967 and improved productivity through 1968 moderated the demand for additional workers. As a result, the unemployment rate rose from 3.6 per cent in 1966 to 4.1 per cent in 1967 and to 4.8 per cent in 1968.

TABLE 5

THE LABOUR FORCE, EMPLOYMENT AND UNEMPLOYMENT

	1965	1966	1967	1968
	(Per cent change from previous year)			
Labour force	3.0	3.9	3.7	2.9
Agricultural	−6.1	−8.5	2.7	−1.8
Non-agricultural	3.9	5.0	3.8	3.3
Male	2.1	2.5	2.6	2.5
Female	5.3	7.3	6.2	4.9
Participation rate (per cent)	54.4	55.1	55.5	55.5
Employment	3.8	4.2	3.2	2.1
Agricultural	−5.7	−8.4	2.8	−2.3
Non-agricultural	4.8	5.4	3.2	2.5
Male	3.1	2.9	2.0	1.6
Female	5.7	7.4	5.9	4.4
Unemployment rate (per cent of labour force)	3.9	3.6	4.1	4.8

SOURCE: DBS *The Labour Force.*

Prices

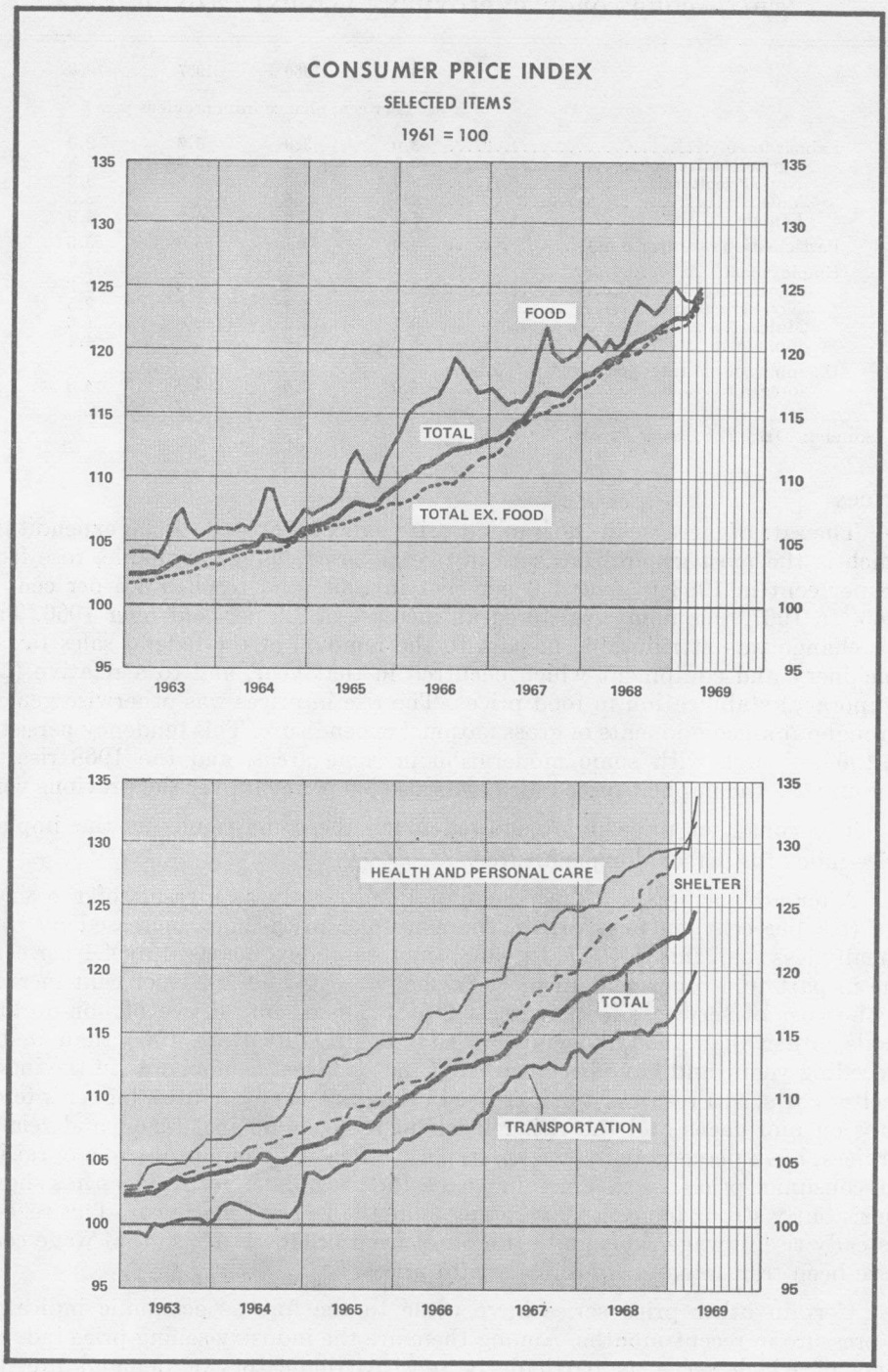
The rate of increase in the implicit price index for gross national expenditure, which is the most general measure of overall price change available, rose from 1.8 per cent in 1963 to over 2.6 per cent in 1964, and reached 4.6 per cent in 1966. In 1967, this index registered an increase of 3.6 per cent over 1966. This last change was attributable in part to the removal of the federal sales tax on machinery and equipment which occurred in that year, and to a relative (but temporary) stabilization in food prices. The rise in prices was otherwise general throughout all components of gross national expenditure. This tendency persisted in 1968, though with some moderation in some areas, and the 1968 rise, as measured in the implicit price index, was also 3.6 per cent over the previous year.

The consumer price index showed much the same trends as the implicit price index for personal expenditures.

After advancing by 3.7 per cent in 1966, largely as a result of the sharp rise (6.3 per cent) in food prices, the consumer price index increased by fractionally less than this in 1967. In 1968, the total index increased by 4.1 per cent, due in part to a 6 per cent increase in shelter costs and a 4.4 per cent increase in the cost of services; food increased by 3.3 per cent. Prices of non-durable goods, other than food, have increased more rapidly since 1966 than in the preceding years, and have become one of the strongest components in the index. Shelter costs, as a result of the increase in the price of new houses, higher interest rates on mortgages and the rising levels of rents, municipal taxes, and related services, have played, and continue to play, a relatively important role in raising the consumer price index. For four years, the price index for services has shown consistently strong increases, averaging more than 4 per cent a year. This reflects a steady rise in wage rates and little offset from productivity, so that wage costs have been translated fairly directly into prices.

Certain other price series have come to the fore as economic indicators of pressure in recent months. Among them are the industry selling price indexes, some of which serve as particularly sensitive indicators of demand pressure

CHART 14


CONSUMER PRICE INDEX
SELECTED ITEMS
1961 = 100
135
130
125
120
115
110
105
100
95
FOOD
TOTAL
TOTAL EX. FOOD
1963
1964
1965
1966
1967
1968
1969
HEALTH AND PERSONAL CARE
SHELTER
TOTAL
TRANSPORTATION

and cost developments. The sharp increases which have occurred in the wood products industries since mid-1968 have in part reflected the rise in demand associated with the increase in housing construction in both Canada and the United States. Over the past year, prices of cement and similar construction items have risen substantially, as have prices of paint and associated products. Some items in the wholesale price index similarly have advanced in response to renewed demand growth, and the total index rose by 2.1 per cent in 1968. In the final months of 1968 and in early 1969 the rate of increase accelerated. The price index for merchandise exports rose by 3.6 per cent in 1968.

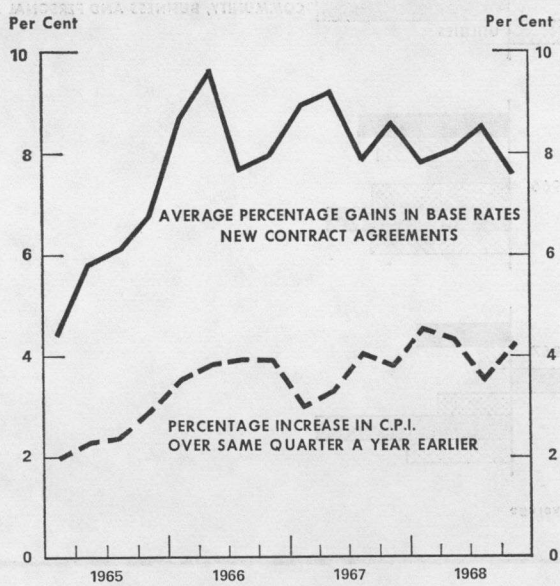
These developments suggest that the pause of 1967 did not remove the underlying inflationary tendencies, and that prices remain susceptible to the pressures of demand.

Wage rates and labour costs

During the recent past, earnings have continued to increase fairly rapidly throughout the economy. This increase shows up clearly both in new wage settlements and in actual earnings.

CHART 15

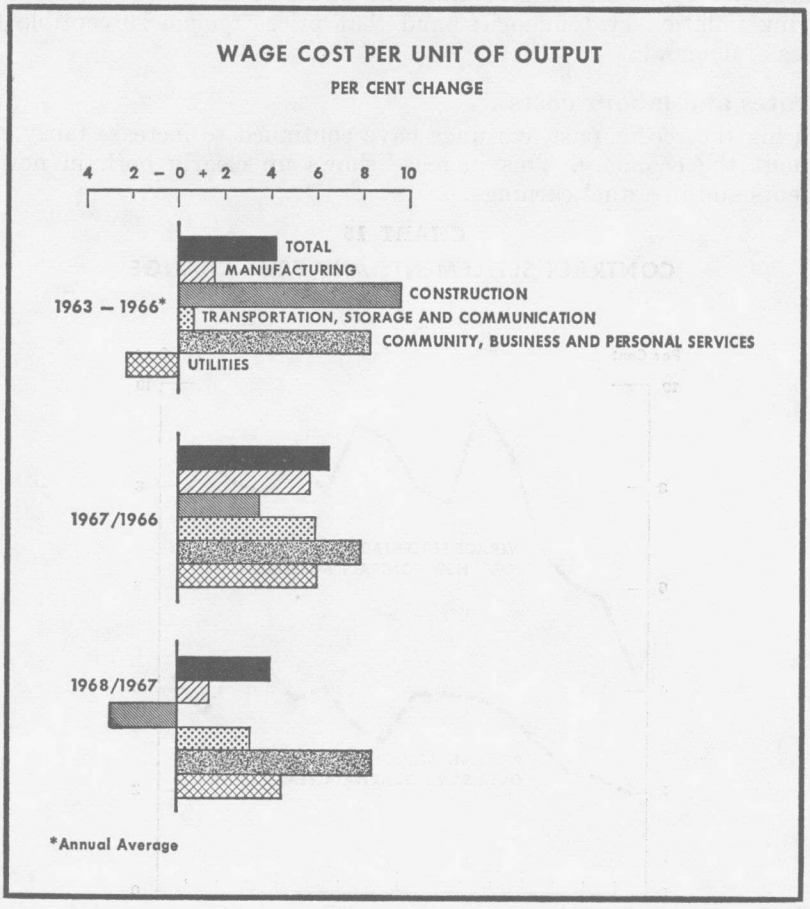
CONTRACT SETTLEMENTS AND PRICE CHANGE



Negotiated increases in average annual wage rates under major collective agreements (excluding construction) rose from 5.7 per cent in 1965 to 8.7 per cent in 1967, moderating only slightly to 8.1 per cent in 1968. In those non-commercial industries (public administration and defence, hospitals, education and other community services) for which information is available, increases were about 1 per cent higher than the general average. Incomes of professional workers, both employed and self-employed, have also been rising substantially in the past few years.

Average hourly earnings have followed a similar pattern to that of wage settlements. In manufacturing, the annual rate of growth in hourly earnings was 7.7 per cent in 1968 compared to 8.3 per cent in 1967. In the construction industry, average hourly earnings advanced more rapidly, and were 10.4 per cent higher in December 1968 than a year earlier. This increase was largely attributable to the advance in hourly rates in engineering construction, which was 12 per cent in 1968.

CHART 16

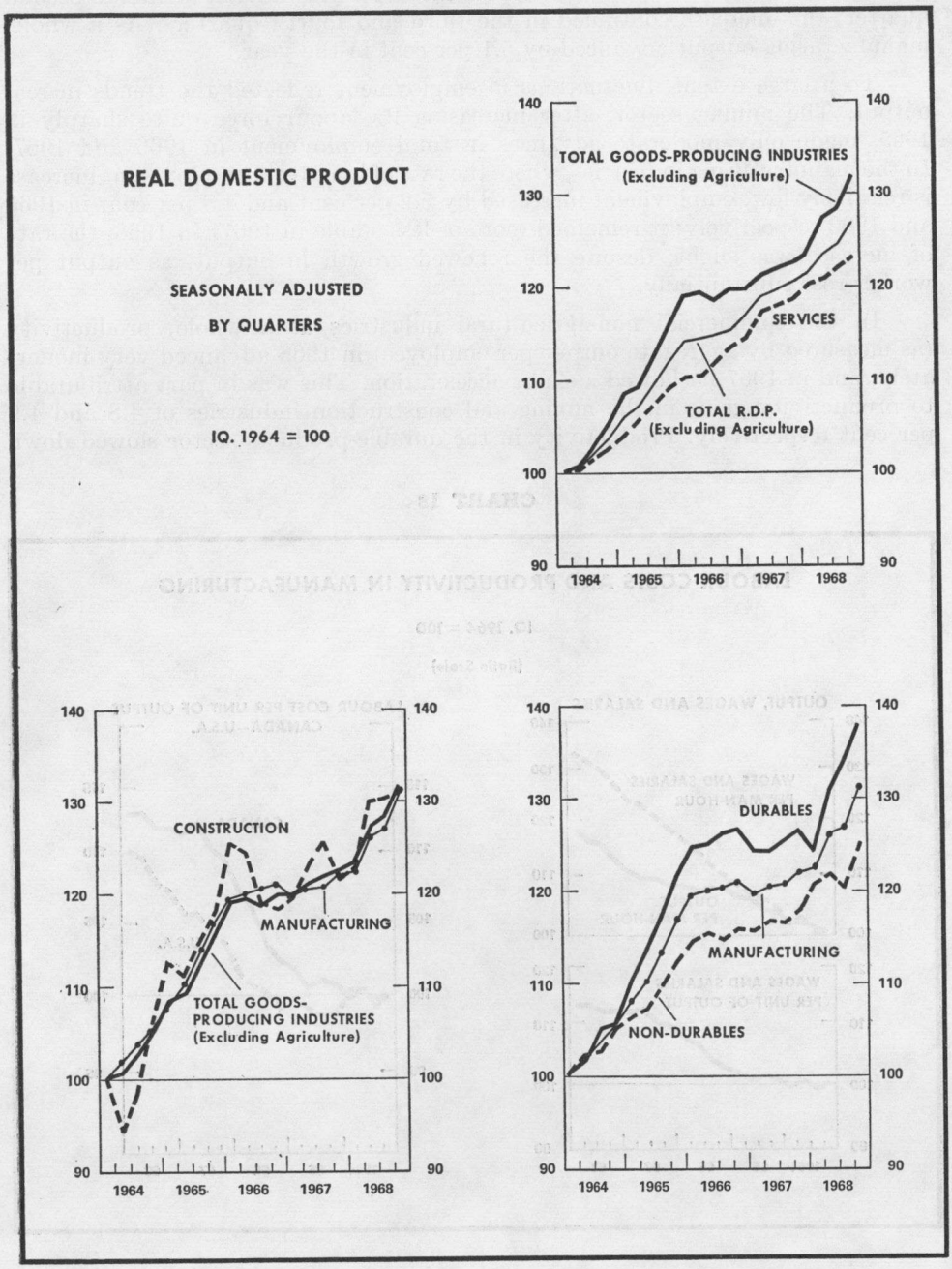


The annual rate of increase in wage cost per unit of output in the commercial non-agricultural industries rose from 4.5 per cent in 1965 to 6.7 per cent in 1966. It dropped to 5.1 per cent in 1967, and in 1968 it advanced by 3.4 per cent. In the manufacturing industries, unit wage costs also decelerated, registering an advance of 1.7 per cent in the year compared to 5.7 per cent in 1967. This was the result of higher productivity, which rose by 4.6 per cent in 1968 after a rise of only 0.2 per cent in 1967.

Productivity

The volume of real domestic product, excluding agriculture, after rapid increases in 1965 and 1966, rose at a more moderate rate of 3.5 per cent in 1967. In 1968, as the economy resumed more rapid growth, it advanced by 4.4 per cent.

CHART 17

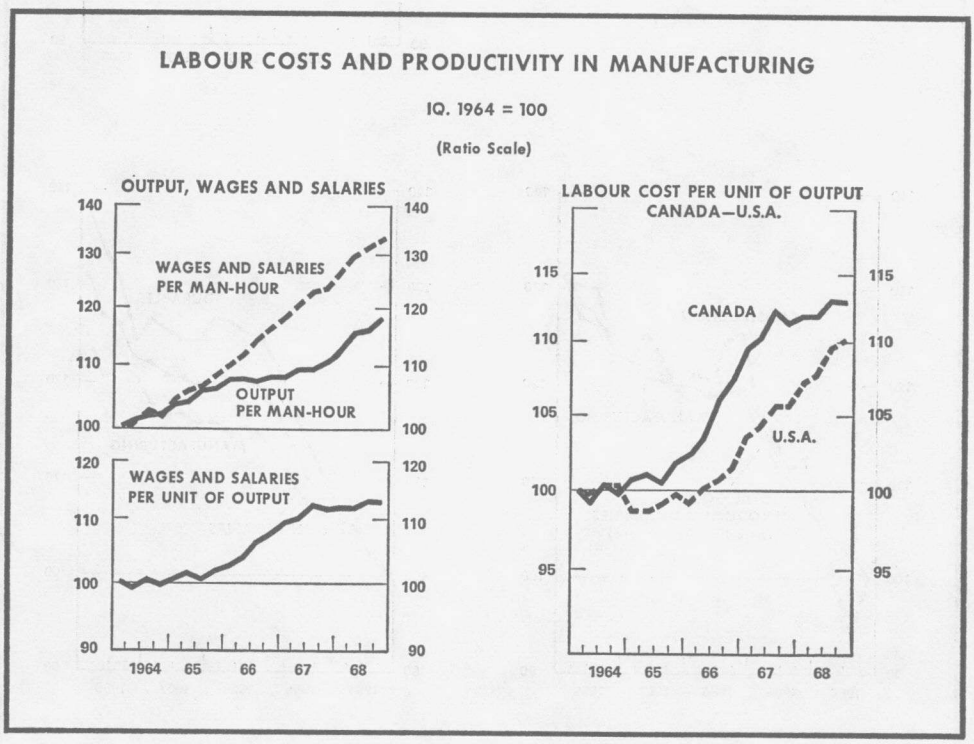


The construction industry, after output gains of 13.9 per cent in 1965 and of 5.9 per cent in 1966, advanced by only 0.5 per cent in 1967. In 1968, output rose by 5.1 per cent in this industry. The output of the manufacturing industries was virtually unchanged in 1967, after the sharp rises of 7.3 per cent and 9.1 per cent in 1966 and 1965, respectively. In 1968, after a slight rise in the first quarter, the volume of production in these industries advanced in the second quarter; this increase continued in the third and fourth quarters. As a whole, manufacturing output advanced by 5.1 per cent in the year.

To a large extent, fluctuations in employment reflected the trends in real output. The mining sector, after increasing its labour force quite sharply in 1965, made only moderate advances in total employment in 1966 and 1967. In the manufacturing industries, where the rate of long-term employment increase is relatively low, employment increased by 5.2 per cent and 4.8 per cent in 1965 and 1966 respectively; it remained more or less stable in 1967. In 1968, the rate of increase was slight, despite the renewed growth in output, as output per worker rose substantially.

In the commercial non-agricultural industries as a whole, productivity (as measured by aggregate output per employee) in 1966 advanced very moderately, and in 1967 it showed a slight acceleration. This was in part attributable to productivity gains in the mining and construction industries of 4.8 and 4.9 per cent respectively. Productivity in the durable-products sector slowed down

CHART 18



in both 1966 and 1967. Recovery in 1968 was accompanied by additional strength in overall manufacturing productivity, where output per employee advanced by 4.6 per cent in the year.

Productivity in the transportation, storage and communications sector improved in 1968, and employment also increased. In the wholesale and retail trades, however, productivity and the level of employment moved in opposite directions; productivity declined while employment rose. The same trends were observed in the finance, insurance and real estate sector.

GOVERNMENTS

The functions of government

Since the middle of the nineteen fifties, the role and structure of government expenditure in Canada have steadily changed. In 1956 the expenditures of all governments, on a national accounts basis, were slightly more than 26 per cent of gross national expenditure. By 1960 they had grown to almost 31 per cent. Between 1960 and 1964, their growth was roughly parallel to that of the whole economy, but by 1968 they had increased their share to about 35 per cent.

Within this over-all pattern, structural changes were evolving.

The expenditures of governments on goods and services, which are a measure of what governments buy, have grown relatively modestly from 17.6 per cent of gross national expenditure in 1956, to 19.8 per cent in 1968. Transfers from governments to persons (including universities and hospitals) and to businesses, however, grew more rapidly than government expenditure on goods and services, rising from less than a third of total government expenditure in 1956 to almost 43 per cent in 1968. Federal transfers also grew more rapidly than expenditure on goods and services, but the federal government share of the public sector declined from 59 per cent in 1956 to 47 per cent in 1968.

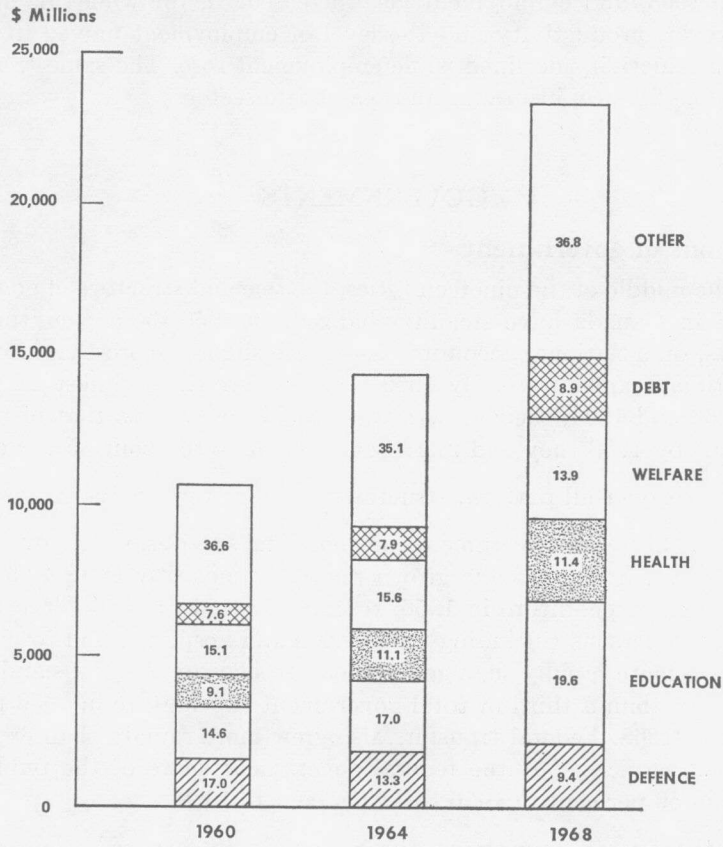
While the overall growth on the revenue side mirrored the general expenditure picture, the structure of the revenue system changed much less. Personal direct taxes grew from about 21 per cent to 27.5 per cent of total revenues, while the relative importance of corporate and indirect taxes declined. The most striking change in revenues was the relative decline in the federal share, over the whole period, from almost 90 per cent to 64 per cent in personal direct taxes, from 95 to 75 per cent of corporate taxes, and from 53 to 38 per cent of indirect taxes. In total, the federal share of all government revenues, including intergovernmental transfers, declined from about 63 per cent in 1956 to 46 per cent in 1968.

The basis of this pattern of change can be seen in the growth of Canada's population, the changes in public expectations, and the rapid industrialization and urbanization of the country. The rate of Canada's population growth has been among the highest in the developed world, due to the baby boom of the

CHART 19

STRUCTURAL CHANGES IN GOVERNMENT SECTOR EXPENDITURE

(PER CENT DISTRIBUTION)



late 1940s and early 1950s, and to substantial immigration. It is expected to continue growing more rapidly than in the United States, and twice as rapidly as in Europe. A very rapid movement from rural to urban areas has also been in progress. While total population increased by about 10 per cent between 1961 and 1966, urban population increased by 16 per cent, and population in centres over 100,000 grew by almost 20 per cent. These two factors have made immense demands upon the public educational system. The growing number of young Canadians, and the higher educational level required by an industrial society, rapidly and successively increased enrolments at all levels. The period of rapid expansion now appears to have ended for the elementary schools, although their enrolments increased by about 8 per cent between 1964 and 1968. Secondary school enrolment grew by almost 20 per cent in that period, compared however to 45 per cent in the previous four years. The crest of the wave has now reached

the universities. University enrolment grew by 71 per cent, up from 56 per cent between 1960 and 1964. These pressures rapidly expanded the requirements for educational facilities provided by municipal, provincial and federal governments. Table 6 illustrates these population trends.

TABLE 6

GROWTH OF POPULATION IN THE YOUNGER AGE GROUPS[1]

	0–4	5–9	10–14	15–19	20–24	25–29
	(Total percentage change)					
1950–55	18.7	31.8	21.8	5.7	1.2	7.2
1955–60	14.5	17.4	29.9	20.8	5.0	2.0
1960–65	1.7	9.0	14.8	29.4	16.9	−2.6
1965–70	−6.6	1.8	9.2	15.4	32.6	22.0
1970–75	8.5	−6.6	2.8	9.2	14.9	30.9
1975–80	10.0	8.4	−6.6	2.8	8.9	14.3

[1] Reprinted from Economic Council of Canada, *Fourth Annual Review*, page 59.

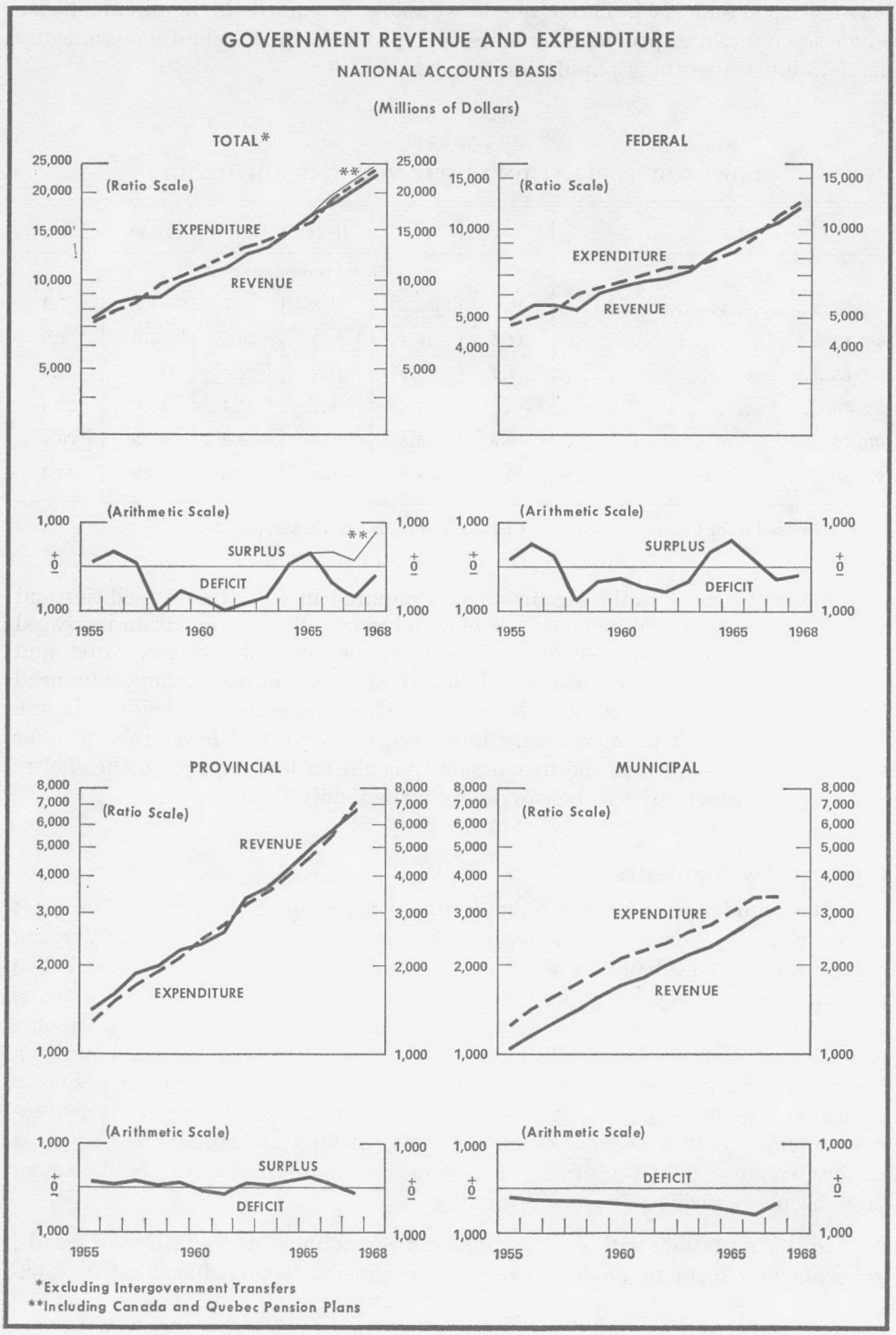
While the most rapid expansion was required in educational facilities and operation, the larger, more concentrated, and more affluent population increased demands, both quantitative and qualitative, for hospital services, water and sanitation, urban transportation and the whole urban infrastructure. The need for social welfare services has also grown. This was especially evident in the older age groups. The increasingly industrial economy had fewer jobs to offer those over sixty-five and the urban family could no longer provide the shelter and security which used to be provided by the family farm.

Current developments

These underlying factors have operated throughout the period. The most recent changes, however, reflect the inflationary pressures and rapidly rising costs which have affected the whole economy over the past four years. The particular sensitivity of government expenditures to inflationary pressure is largely due to the fact that government (including education) is a labour-intensive industry. Probably 70 per cent of operating expenditures in education are wages and salaries, and most other functions of government show similar patterns. Productivity gains are difficult to measure or even define in the government sector, so that as salaries have risen (generally at similar rates to those in the private sector) the price and cost indicators relating to the public sector have been advancing particularly rapidly.

In this situation, with growing demand compounded by inflationary trends, government efforts to moderate demand expansion have reduced rates of ex-

CHART 20



*Excluding Intergovernment Transfers
**Including Canada and Quebec Pension Plans

penditure growth rather than changed their direction. Governments have therefore had recourse to increases in taxation as well as to the growth in revenue resulting from expansion and inflation. As a result, their total revenues have risen at annual rates of 12 to 15 per cent. These actions and the operations of the Canada and Quebec pension plans resulted in a surplus, on a national accounts basis, of $800 million in 1968.

Leaving out of account the transactions of the Canada and Quebec pension plans, the overall deficit position of governments was substantially reduced from $729 million (national accounts basis) in 1967 to $190 million in 1968. The reduction was accounted for mostly by a change in the provincial government position from a deficit of around $125 million in 1967 to an estimated surplus of more than $300 million in 1968. However, irregular variations in the quarterly pattern of provincial-municipal revenues and expenditures over the past year affect the statistical results. Fiscal year figures, more reliable for provincial comparisons, will likely show a more gradual (and not as large) reduction in the provincial-municipal deficit in 1968-69.

The detail underlying the transactions of the government sector on a national accounts basis is presented in reference tables 48 to 55.

Revenues of governments

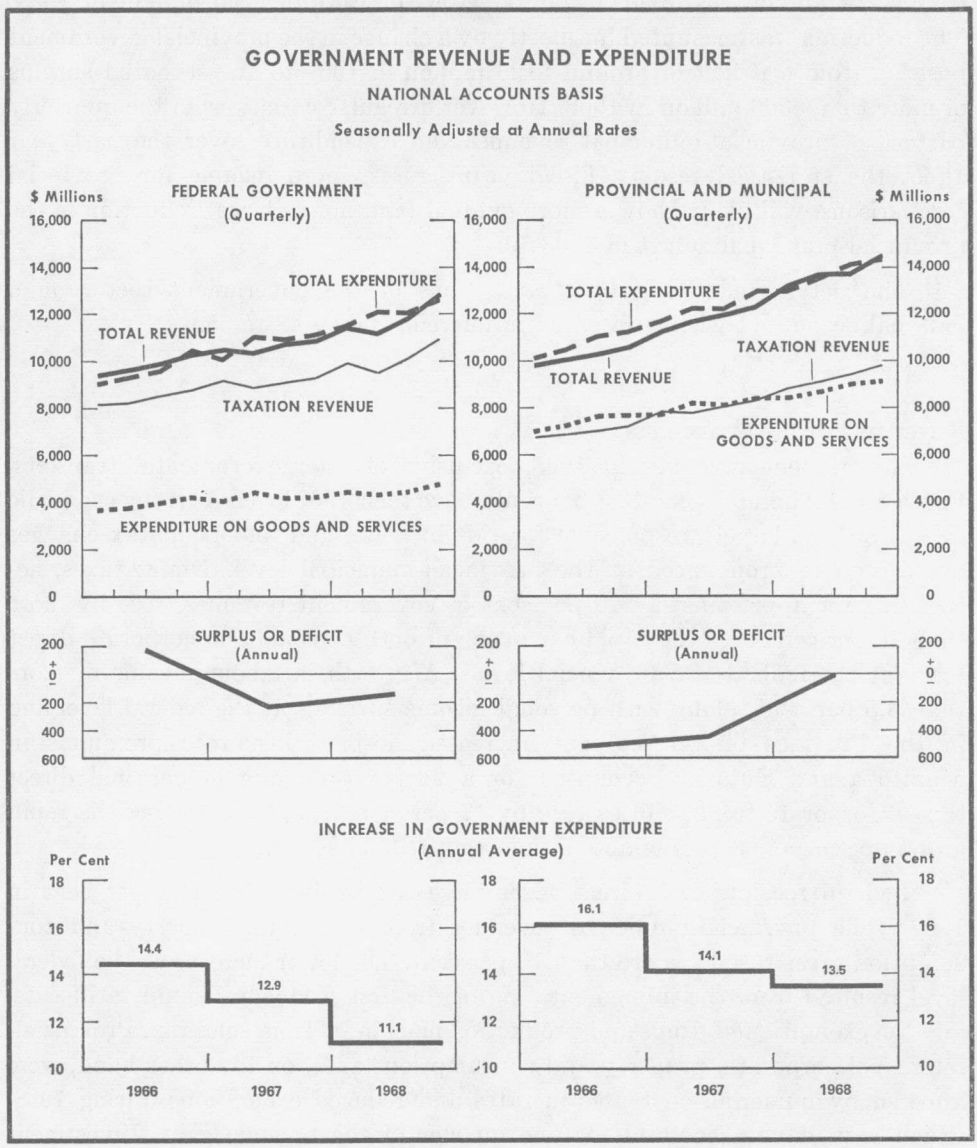
Government revenues in 1968, exclusive of intergovernmental transfers, totalled $24.2 billion, some 13.3 per cent above their 1967 level. A strong economic expansion was largely responsible for this increase, and important tax changes made it more pronounced at the provincial-municipal level. Direct taxes, accounting for approximately 40 per cent of government revenues, rose by more than 20 per cent with the rapid expansion of both personal and corporate direct taxes at the federal and provincial levels. A growth in labour income of more than 8.5 per cent, along with personal income surtaxes at the federal level and in the Province of Quebec, and increased hospital insurance premiums in Manitoba and Ontario, accounted for a 21 per cent gain in personal direct taxes. Corporate tax liabilities rose by 17 per cent in 1968, reflecting the rapid growth of corporate profits and a 3 per cent federal surtax.

Federal receipts of indirect taxes increased by less than two per cent in 1968 while provincial-municipal revenues from corporate, property and consumption taxes rose by more than 13 per cent. The lower increase at the federal level resulted from the implementation of the first Kennedy Round tariff cuts, and the exemption of drugs and production machinery from sales tax. Provincial-municipal corporate, property and consumption taxes, on the other hand, were affected by numerous increases in rates and reduced exemptions during 1968, which may have accounted for one quarter of the revenue gain. Investment

income, employer and employee contributions to social insurance and receipts under the Canada and Quebec pension plans added 15 per cent of the revenue increase in 1968.

Provincial-municipal revenues were also assisted by a 23 per cent rise in receipts from the federal government. These mainly reflected higher payments for hospital insurance, post-secondary education, the Canada Assistance Plan and general fiscal arrangements.

CHART 21



Expenditures of governments

Expenditures of governments, excluding intergovernmental transfers, increased in 1968 by 10.3 per cent, continuing the deceleration from the 15 per cent increase of 1966. Restraint is most evident in payment for goods and services, which grew by about 8 per cent as compared with gains of 17 and 10 per cent in 1966 and 1967. Federal purchases of goods and services rose by 5 per cent, while provincial-municipal purchases of goods and services increased by 9 per cent. Additional wage and salary increases have accounted for a large proportion of the increased outlays on goods and services. As in 1967, transfers to persons, which include debt charges, contributed very substantially to the expenditure growth. At the federal level, the reduction on the minimum age limit for old age security payments, additional transfers for adult training allowances and increased payments out of the unemployment insurance fund largely contributed to the increase in transfer payments. At the provincial-municipal level, the continued expansion of universities and higher education as well as other social services called for a rapid growth in transfers to individuals.

TABLE 7

CONSOLIDATED GOVERNMENT EXPENDITURE
1960–61 and 1964–65
and estimates for 1968–69

	1960–61	Per cent of Total	1964–65	Per cent of Total	1968–69	Per cent of Total	Percentage Annual Growth	
							1960–61 to 1964–65	1964–65 to 1968–69
	$m		$m		$m			
Defence and veterans	1,830	17.0	1,919	13.3	2,224	9.4	1.2	3.8
Health and sanitation	984	9.1	1,604	11.1	2,680	11.4	13.0	13.7
Social welfare	1,629	15.1	2,246	15.6	3,271	13.9	8.4	9.9
Education	1,578	14.6	2,450	17.0	4,625	19.6	11.6	17.3
Transport and communications	1,452	13.5	1,772	12.3	2,560	10.9	5.1	9.7
Natural resources and primary industry	567	5.2	624	4.3	1,080	4.6	2.4	14.7
Debt charges	817	7.6	1,147	7.9	2,101	8.9	8.8	16.3
Other	1,927	17.9	2,674	18.5	5,001	21.2	8.6	16.9
Total	10,784	100.0	14,435	100.0	23,543	100.0	7.6	13.0

EXTERNAL FINANCIAL RELATIONSHIPS

The external environment

The past year saw strong economic growth in most of the industrialized countries of the free world. There was also a most welcome development in the pattern of longer-term capital movements, which improved the financing of imbalances on current account resulting from fluctuations in trade.

Nevertheless, 1968 brought a succession of international monetary and exchange crises, of a frequency and severity hitherto unknown in the postwar period. In some cases inflationary trends certainly led to doubts about the stability of particular currencies on straightforward balance of payments grounds. But

it was also a year of social upheaval in many countries and of generalized nervousness about all currencies and about the adequacy of the international financial system. Private short-term funds moved across the exchanges in very substantial volume by comparison with past experience.

The trigger was the devaluation of sterling, in November 1967; but the ensuing ripples of nervous speculation more than once involved evident overestimation of the underlying currency risk, not least in the case of the Canadian dollar itself, but also in the cases of several European currencies.

Relative calm has prevailed since the meeting of Ministers and Governors of the Group of Ten countries in Bonn in November last. Rising levels of real investment in some countries, the prospect of the impending creation of Special Drawing Rights in the IMF, and the continued high volume of flotations in international bond markets, all combine to offer some promise that reasonably well-balanced economic and social policies henceforth may restore sufficient confidence to enable the international system to continue to function as effectively as it very clearly has done over most of the postwar period.

Government and private borrowing abroad

As already noted, the monetary crises of 1968 did not seriously impede development of longer-term capital markets on an international basis. The year saw significant and welcome growth in the European markets as sources of funds for the world at large. New international bond issues outside the United States increased to $4.7 billion, from $2.4 billion in 1967 and less than $1.5 billion in earlier years.

Canadian borrowing outside Canada rose to a record $1,889 million (gross new bond issues delivered), with a substantial carry-over of undelivered bonds at the year-end. Retirements of $394 million left net new borrowings very close to $1.5 billion. These borrowings reflected the rapidly growing need for funds on the part of Canadian borrowers, at a time when domestic capital markets were disturbed. Occurring as they did in a year which saw a much reduced deficit on current account, they left ample scope for continued heavy purchases of U.S. equities.

The most striking development with regard to Canadian borrowing abroad in 1968 was, of course, the extent to which it was carried out in European markets, especially the Eurobond and Deutsche Mark markets; these accounted for $540 million of the $1.9 billion of gross new issues, and this newly-developed flow has continued into 1969. But at the same time, this new source of funds did not drastically diminish the momentum of the more traditional Canadian borrowing in the United States, which reached $1,349 million in gross new issues, or very little less than the record level of $1,357 million recorded in 1966. The federal government placed $92 million (Canadian equivalent) in the New York market, with some $21 million in addition for delivery after the end of the year, and $176 million in Italy and Germany. Provincial and municipal governments again accounted for the majority of the remainder, as in 1967, but there was a sharp recovery in corporate borrowings.

The capital account of the Canadian balance of payments

In contrast to the disrupted pattern of the first quarter of 1968, and the subsequent readjustments which occupied a good deal of the second quarter, the closing months of last year saw capital flows between Canada and the rest of the world fall into a more normal pattern for recent years. In most sectors of the account activity was at very high levels, which resulted in record net movements of some types of capital for the year as a whole.

It is noteworthy that most of this activity in the second half of the year seems to have been neither prompted nor interrupted to any significant extent by the major international currency crisis of November, centering on the Deutsche Mark, the French franc and sterling. As during the similar but somewhat less severe exchange crises of May and August, both the U.S. and Canadian dollars remained largely unaffected by the monetary upheaval in Europe; and the developing participation by North American borrowers in European capital markets suffered no serious setback. Moreover, flows across the exchanges as a result of changes in bank balances in 1968 were not particularly large by the standards of recent years. Large net flows and sharp swings from one quarter to another characterized years such as 1962, 1964 and 1967, and might have been expected to accompany both the domestic and overseas currency crises of 1968 as well; but in the event there were only quite modest, though persistent, outflows of banking funds during most of the year, and a small net inflow in the second quarter, when swapped deposits were being run down.

It is also clear, however, that short-term funds of other kinds did move in considerable volume during 1968. The net outflow on account of bank balances and similar short-term funds for the year as a whole amounted to $373 million, but other short-term transactions resulted in a net outflow of another $637 million, for a record total of just over $1 billion. Net repurchases of short-term Canadian corporate paper, especially finance company paper, were a more significant element in this outflow ($127 million) than in some previous years. But they were offset by increases in Canadian dollar holdings of foreigners, including international institutions. Thus, on balance, the short-term outflow other than on banking account was more than accounted for by "all other" transactions.

The contribution to this residual of the balancing item representing all unidentified transactions was discussed at some length in the last Budget Papers. While far from explaining the relatively sudden emergence of large negative balances during 1967 and 1968, a substantial positive balancing item in the fourth quarter of 1968 does tend to suggest a degree of seasonality in the balancing item; this seasonality had evidently been temporarily disrupted by the weakening of the Canadian dollar toward the end of 1967.

It would seem that new problems of measurement, rather than of coverage, have arisen in recent years, and that these are related especially to "leads and lags" in a broad sense, affecting current and capital transactions of many kinds and not necessarily or even normally arising out of particular pressures on particular currencies. In view of the significant increase in the magnitude and

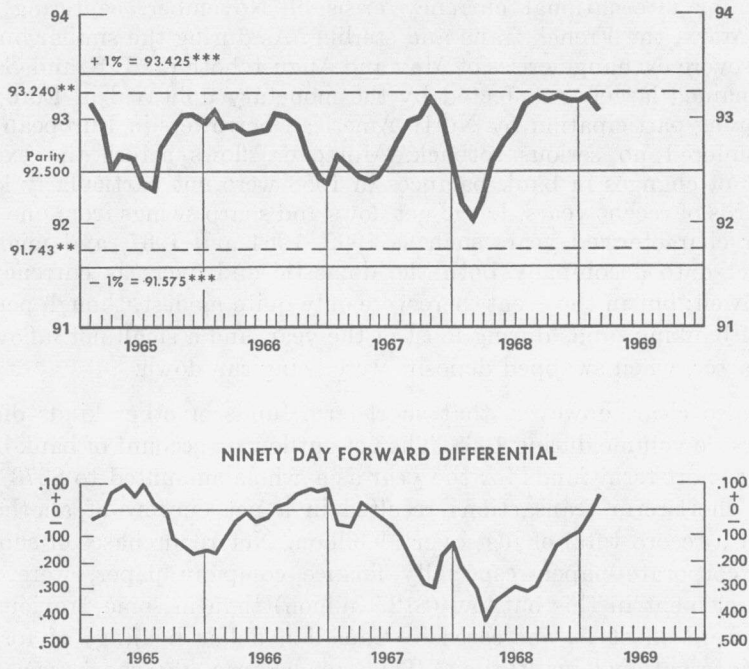
sophistication of international corporate transactions in the sixties (and especially of intracorporate transactions across the exchanges) it is perhaps only surprising that such statistical problems did not arise sooner and have not become more widespread.

CHART 22

CANADIAN DOLLAR IN UNITED STATES FUNDS*

AVERAGE NOON RATES

(U.S. Cents per Unit)



*Inverse of quotations for U.S. dollar in Canada

**Limits at which the Exchange Fund Account has undertaken to sell or buy U.S. funds without limitation in the wholesale market

***Absolute parity limits

Leads and lags of various kinds clearly occurred during the Canadian exchange crisis in the early months of 1968. The fact that they arose in the relatively unusual field of long-term direct investment flows, both inward and outward, perhaps reflects a somewhat greater flexibility in these flows than would be the case for most other countries, as a result of closer inter-corporate links, but probably represents also the delayed effect of weakening confidence during the closing weeks of 1967. The direct investment inflow into Canada which dried up during the first quarter was subsequently resumed, and the total of $585 million for the year represented little change from the relatively high 1967 level. Direct investment abroad by Canadians rose sharply to $170 million from abnormally low net levels in 1966 and 1967. There was evidently some anticipa-

tion involved in the $85 million total for the first quarter, as there was net disinvestment in the second quarter, but the fourth quarter especially saw further large investments abroad.

In the field of Canadian borrowing abroad through the issue of long-term securities, discussed above, anticipation seems to have become habitual. Since mid-1967, the carry-over of Canadian bonds offered in the U.S. market but not yet delivered by the end of the quarter has never fallen below $350 million and in most cases has equalled or exceeded the total value of bonds actually delivered during the quarter. The carry-over was relatively constant at $350 to $440 million until the fourth quarter of 1968; a very large bond issue for considerably later delivery, related to the Churchill Falls hydro-electric development, then raised the total of offerings to the unprecedented level of $857 million, resulting in a carry-over at the year-end of no less than $923 million.

For the first time in several years, net trade with non-residents in outstanding Canadian securities resulted in a moderate net inflow of funds, as net sales of common and preference stocks exceeded net repurchases of bonds and debentures by $42 million. This was dwarfed, however, by the outflow of funds for the acquisition of foreign, chiefly U.S., securities. This has been in excess of $400 million in each of the past three years and last year rose to $464 million.

Receipt of $88 million in respect of the Columbia River Treaty represented a payment by the U.S. equivalent to $56 million in Canadian funds for flood-control benefits, the last major payment of this kind, in addition to the regular annual encashment of a medium-term U.S. Treasury bond for $32 million (Canadian).

Despite the continued high level of Canadian borrowing in the United States, the net inflow of long-term capital in all forms from that country fell back from nearly $1¼ billion in 1967 to just over $1 billion in 1968. At this level, it was virtually equal to the current account deficit with the United States; this fell by about $400 million, as the sharp reduction in the Canadian surplus on travel from that of Centennial year was more than compensated for by the swing into small surplus on merchandise trade. The bilateral deficit with the United States on current and long-term capital accounts therefore fell from $264 million to only $5 million, but a substantially larger net outflow of short-term capital to the United States offset this. Net current account earnings and borrowings in third countries rose substantially in 1968, and were available to cover the overall bilateral deficit with the United States of some $1.1 billion and to increase Canadian reserves.

The reserves

The net capital inflow of $534 million in 1968, including the long-term foreign borrowing of $268 million by the Government of Canada, comfortably exceeded the net current account deficit of $181 million. The official monetary position therefore improved over the year as a whole by $353 million, as the heavy losses of the first quarter were more than recouped. International assistance of $742 million was received during the first quarter and the reduction in gold and foreign exchange was thereby limited to $23 million (Canadian equivalents).

That portion of the IMF drawing which represented Canada's gold tranche position was reconstituted in the second and third quarters, and a net creditor position of U.S. $21.2 million had been built up again by the end of 1968 (as against U.S. $248.4 million at end-1967, prior to the crisis). The reciprocal swap facility with the Federal Reserve System, which had been drawn upon to the extent of U.S. $250 million, was wholly reconstituted by the end of the third quarter, with some drawing-down of official reserves in that quarter for the purpose. Substantial increases in the holdings of foreign exchange in the second and fourth quarters, to give a net increase of $604 million (Canadian) for the year as a whole, resulted from the strong current account position and the high level of long-term capital inflow, including the federal government's borrowing abroad in the second quarter.

	December 1967	March 1968	June 1968	December 1968	April 1969
	(Millions of U.S. dollars at month end)				
Official holdings of gold and U.S. dollars	2,267.8	2,244.0	2,574.0	2,826.8	2,782.3
IMF creditor (+) or debtor (−) position	+248.4	−185.0	− 64.0	+ 21.2	+ 46.2
Federal Reserve swaps outstanding	—	−250.0	−125.0	—	—
Net Total	2,516.2	1,809.0	2,385.0	2,848.0	2,828.5

By an exchange of letters on December 17 between the Minister of Finance and the then Secretary of the U.S. Treasury, Mr. Henry Fowler, the arrangements between the two countries in the balance of payments field were restated and clarified. Under these arrangements, the support which Canadian international transactions provide for the position of the U.S. dollar is recognized in the exemption of Canada from certain U.S. balance of payments measures, including especially the Interest Equalization Tax, insofar as it relates to new issues, and restraints on direct investment; it is also reinforced by Canadian undertakings not to permit transactions in contravention of the U.S. programmes to be channelled through Canada, and by Canadian reserves investment policy. In the letters it was agreed that the undertaking by Canada not to increase its reserves through unnecessary borrowings in the United States does not require that the level of those reserves be limited to any particular figure.

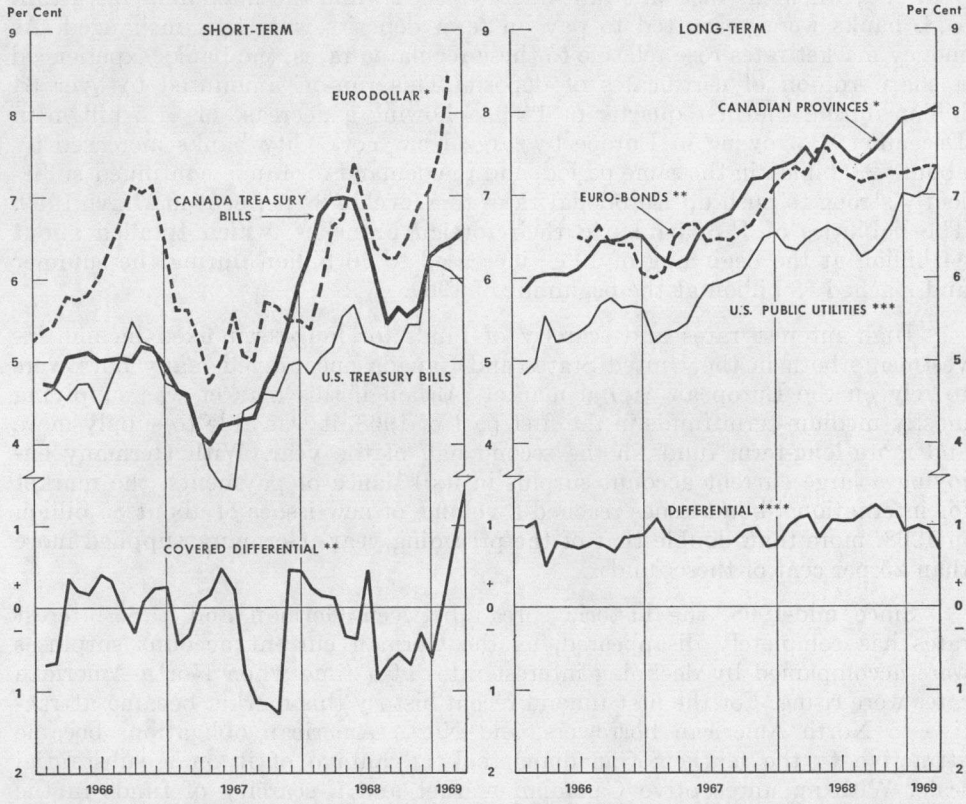
DEVELOPMENTS IN DOMESTIC FINANCIAL MARKETS

Financial developments in the United States during 1968 had a significant impact on financial markets in Canada and Europe. The U.S. dollar was among the currencies which came under attack through the first quarter of 1968. Short-term interest rates rose sharply during February and March and the U.S. discount rate was raised to 5 per cent in March and to 5½ per cent in mid-April. Banks' loans and investments, which had increased at an annual rate of about 7 per cent in the first quarter, experienced a growth of only about 3 per cent in the second quarter. Faced with uncertain markets and serious inflationary pressures, U.S. financial institutions built up their liquidity and longer term investment funds became increasingly difficult to attract.

CHART 23

INTERNATIONAL INTEREST RATE COMPARISONS

(Monthly)



*Salomon Brothers and Hutzler three month Eurodollar rate.

**Hedged spread between Government of Canada and United States Treasury Bills.

*Average yield on the 10 provincial bonds included in the monthly series published by McLeod, Young, Weir and Co., Ltd.

**Source: O.E.C.D. and the Weekly Bond Buyer Bontrade Index.

***Moody's Investors Service Inc., average yield on public utility bonds.

****Spread between average yield on Canadian Provincial and U.S. Public Utilities long term bonds.

However, the climate changed in June, when Congress passed the 10 per cent income tax surcharge and approved reductions in budgetary expenditures. As a result, there were expectations that the economy would be less strong in the second half of 1968 and that inflationary pressures would diminish. On August 15 the rediscount rate was reduced by $\frac{1}{4}$ per cent to $5\frac{1}{4}$ per cent, reflecting some easing of interest rates generally. This easing also occurred in Canada, where four successive declines in the Bank Rate took place, from $7\frac{1}{2}$ per cent in March to 6 per cent on September 3, 1968.

In the second half of the year, evidence developed that the U.S. economy was not responding as rapidly as expected to the fiscal measures, and that inflationary pressures still were persisting. Interest rates again began to move up. The Federal Reserve raised the discount rate to $5\frac{1}{2}$ per cent in December as the heavy demand for funds persisted.

Pressure on the U.S. banks was reflected in a sharp increase in their borrowings from the Federal Reserve and in their increasing reliance on the Eurodollar market. This pressure on the U.S. banks occurred particularly toward the year-end, when the discount rate was increased while the maximum rates that U.S. banks were permitted to pay on term deposits were left unchanged. As money market rates rose relative to these regulated rates, the banks experienced a sharp run-off of certificates of deposit. This run-off amounted to over $4 billion during the first quarter of 1969, following a decrease of $1.5 billion in December. Borrowing in Europe by large New York City banks increased by about $2.0 billion in the same period, and the demand for funds continued sufficiently strong to push up Eurodollar rates to a level of 8½ per cent in March 1969. The liabilities of U.S. banks to their foreign branches, which totalled about $4 billion at the beginning of 1968, increased to $6 billion during the summer and reached $8 billion at the beginning of 1969.

High interest rates and scarcity of funds for long-term fixed income investments both in the United States and Canada encouraged many borrowers to rely on the European capital market. Although this market was supplying mostly medium-term funds in the first part of 1968, it was able to supply more and more long-term funds in the second half of the year. With Germany enjoying a large current account surplus in its balance of payments, the market for international bond issues reached a volume of new issues of about $5 billion in 1968, more than double that of the preceding year. Germany supplied more than 25 per cent of these funds.

Since mid-1968, the historic spread between German and U.S. interest rates has completely disappeared, as the German current account surpluses were accompanied by declining interest rates at a time when North American rates were rising. For the first time in recent history this market became attractive to North American borrowers, and North American obligations became attractive to the market; Canadians took advantage of it on a substantial scale. With an unreceptive Canadian market and a scarcity of funds in the United States, Canadians turned to the Eurobond market where medium and long-term funds were both available and obtainable at rates that were more attractive than those in North America. Of the total $540 million raised by Canadians in this market in 1968, more than half was accounted for by provincial governments and their agencies. There was also a more modest increase in net new issues sold in the United States.

Bond market financing

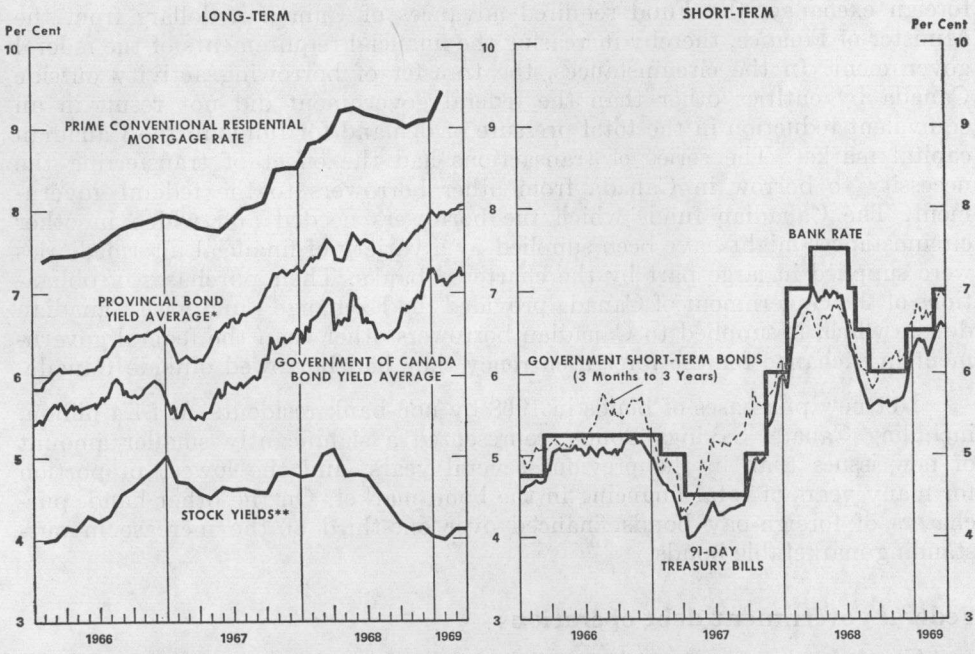
The continued strong demand for capital by Canadians in 1968 contributed to the forces which maintained very high levels of interest rates for most of the year. In 1968, total net new issues of bonds in Canada and abroad by all levels of governments and corporations amounted to over $3.9 billion, about 5 per cent above the relatively high level of 1967. Net new marketable bond issues placed in Canada were almost $500 million lower than in the previous year, and net sales of Canada Savings Bonds were $200 million lower. This reflected a growing reluctance on the part of Canadian investors to commit funds for investment in long-term fixed-income securities. On the other hand, new funds raised through the placement abroad of foreign-pay bond issues

more than doubled, rising to approximately $1.6 billion. Details of changes in market bonds and Canada Savings Bonds outstanding in each of the years 1964 to 1968 inclusive are shown in reference table 69.

In 1968, the level of outstanding Canadian dollar marketable bonds of the Government of Canada rose by $1.2 billion, compared with an increase of $800 million in the previous year. In the same period, outstanding Canada Savings Bonds increased by only $38 million, compared with $230 million in 1967, although gross sales of the 1968 series amounted to $3.2 billion. Provincial and municipal net new domestic bond issues amount to $723 million, considerably lower than the $1.2 billion level in 1967. New corporate bond issues in the Canadian market, at $390 million, were less than half of the level of the year before. Provinces and municipalities borrowed, in total, for the first time, more abroad than in Canada. The outstanding foreign debt of provinces and municipalities increased by $927 million in 1968, sixteen per cent greater than the very high increase recorded in 1967. Corporate issues denominated in foreign currencies were almost three times the level of 1967 but considerably lower than in 1966.

CHART 24

SELECTED INTEREST RATES, CANADA



*Average weekly yield on the 10 provincial bonds included in the monthly series published by McLeod, Young, Weir and Co., Ltd.

**Average stock yield on 114 stocks as compiled by Moss, Lawson and Co., Ltd.

There was a considerable change in the flow of funds within the market between the first and second halves of 1968. The net new issue of marketable bonds in Canadian dollars in the second half of 1968 was about $570 million

higher than in the first half. Taking into account a swing between the two halves of the year of almost $1.1 billion in Canada Savings Bonds outstanding, which was much larger than the normal seasonal change, the issue of bonds (including the new series of Canada Savings Bonds) in the domestic market reached approximately $2 billion in the second half of the year.

The chartered banks were again a major source of funds during the year, taking up approximately $1.1 billion of the new bonds offered, an increase of 25 per cent over the relatively high level of 1967. Of this amount, $936 million represented an increase in holdings of Government of Canada bonds (of which about $400 million were Treasury Bills) compared with an increase of $744 million in 1967. The Bank of Canada purchased a net amount of $136 million in the year as a whole.

A very large proportion of the federal government's domestic financing needs during this period, which as noted above were met in large part by the chartered banks, was a consequence of the purchases of foreign exchange by the Exchange Fund. Many Canadian borrowers found it more advantageous during this period to raise funds outside Canada than in Canadian financial markets. The net inflow of capital, of which this borrowing was a part, exceeded the Canadian current account deficit. The excess of foreign exchange had to be purchased and held by the Exchange Fund. In order to purchase this foreign exchange, the Fund required advances of Canadian dollars from the Minister of Finance, thereby increasing the financial requirements of the federal government. In the circumstances, the transfer of borrowing activity outside Canada by entities other than the federal government did not result in an equivalent reduction in the total pressure of demand for funds in the Canadian capital market. The series of transactions had the effect of transferring the necessity to borrow in Canada from other borrowers to the federal government. The Canadian funds which the borrowers needed and which in other circumstances might have been supplied by a variety of financial intermediaries were supplied in large part by the chartered banks. Their purchases of obligations of the Government of Canada provided the Exchange Fund with Canadian dollars which it supplied to Canadian borrowers other than the federal government in exchange for the foreign currency they had borrowed outside Canada.

Net new purchases of bonds in 1968 by non-bank residents, at $1.4 billion, including Canada Savings Bonds, represented a significantly smaller amount of new issues than in the previous several years, and the lowest proportion for many years of total financing in the bond market. On the other hand, purchasers of foreign-pay bonds financed over one-third of the increase in outstanding marketable bonds.

Federal government debt operations

The federal government began the 1968-69 fiscal year with relatively large Canadian dollar cash balances of $997 million. To a considerable extent this represented Canadian dollar proceeds from the sale of foreign exchange during the exchange crisis in the latter part of the previous fiscal year, and provided the government with some flexibility in the timing of market financing in the early months of 1968. The renewed strength of the Canadian dollar and the

replenishment of foreign exchange reserves between mid-March and the end of August, as noted, involved large cash outlays of Canadian dollars as foreign exchange was repurchased on a large scale. In fiscal year 1967-68, foreign exchange transactions provided cash receipts in a net amount of $812 million; in 1968-69 they required a cash outlay estimated at $1,048 million.

TABLE 8

GOVERNMENT OF CANADA CASH REQUIREMENTS AND SOURCES OF FINANCING

(by fiscal years)

	1967–68	1968–69*
	(Millions of dollars)	
Cash Requirements		
Budgetary	795	566
Non-budgetary excluding all foreign exchange transactions	606	325
Sub-total	1,401	891
Foreign exchange transactions cash requirements (+) or receipts (−)	−812	+1,048
Overall cash requirements	589	1,939
Sources of Finance		
Market bonds[1]		
Gross new issues	2,235	2,344
Retirements	1,885	1,341
Net	350	1,003
(of which foreign pay)	(−205)	(282)
Treasury Bills	170	360
Canada Savings Bonds	80	72
Non-marketable and other[2]	190	88
Total	790	1,523
Changes in Receiver General bank balances	201	−416

[1]CNR included under non-budgetary.
[2]Includes UIC and CPP bonds, Securities Investment Account and securities held for retirement of unmatured debt.
*Preliminary

Other major factors affecting the magnitude and timing of market debt operations in the current fiscal year were the heavy net redemptions of Canada Savings Bonds up until October and the larger budgetary requirements which became apparent after mid-1968.

The federal government, along with other Canadian borrowers, was confronted with a reluctance on the part of investors to commit investment funds in long-term bonds. Hence, high yields and short maturities were necessary on new issues to attract buyers, resulting in an increase in debt charges and a shortening of the average term to maturity of the outstanding debt. The budgetary provision to meet debt charges in fiscal year 1967-68 amounted to $1.3 billion; in 1968-69 it amounted to $1.5 billion. As at January 1969, the average term to maturity of the government's outstanding direct and guaranteed securities had shortened by eight months from the beginning of 1968 and stood at 6 years 3 months. The following paragraphs trace the main features of the government's debt programme through the fiscal year 1968-69.

The first refunding of the past fiscal year, which was offered in mid-March for delivery on April 1st, occurred immediately following the height of the foreign exchange crisis, when interest rates were at very high levels and Bank Rate stood at 7½ per cent. This issue comprised $275 million of bonds having maturities of 1 year and 5 years; the latter maturity offered the first 7 per cent coupon on a federal government issue and was priced to yield 7.30 per cent. Although no new money was raised, $100 million of bonds maturing later in 1968 were pre-refunded at this time. On May 15, $56 million of CNR bonds were redeemed for cash out of government balances.

To assist the replenishment of foreign exchange reserves without drawing down Canadian cash balances, the government floated in May a $68 million Canadian equivalent Deutsche Mark loan in the Eurobond market, and placed a $108 million equivalent Italian lire loan directly with the Italian Exchange Office. In June a loan for the equivalent of $108 million, subject to delayed delivery contracts, was issued in the United States.

As prevailing high levels of interest rates presented Canada Savings Bonds holders with relatively attractive alternatives, unusually large net redemptions occurred in the first half of the year. This, combined with re-purchases of foreign exchange after mid-March and the fact that some $700 million of the 1959 series of Canada Savings Bonds were scheduled to mature in November 1968, posed special debt management problems. In May a Special Replacement Series of Canada Savings Bonds was offered to refund in advance the 1959 series. The new series was offered initially to holders of the 1959 series in exchange for the maturing bonds; subsequently it was offered for cash during a limited period. The issue was a success and was terminated on May 23, with total sales amounting to $850 million, of which $538 million represented a refunding of the 1959 series. The new bonds offered the investor a compound interest feature, which would double his money in 10 years and 5 months, and a record high annual average yield of 6.88 per cent if held to maturity.

The bond market in Canada, following similar developments in the United States, improved considerably in price and tone during the summer months. In view of the continuing cash requirements, including the need to meet net redemptions of Canada Savings Bonds, a refunding on June 15 raised $105 million in new cash, a further $150 million was provided by a special 364-day Treasury Bill issue on June 28, and $300 million was raised in a cash offering on August 1. The issue in August stimulated considerable interest in the market and, in addition to the new cash raised, the government pre-refunded $100 million of bonds maturing later in the year.

As noted, the tight credit conditions which prevailed during the period of recovery from the exchange crisis were relaxed to some extent during the summer months. Chartered bank holdings of government bonds, which had remained relatively level in the first half, rose sharply during the second half of 1968, making possible the success of the government's market financing from June to the end of 1968, at a time when foreign exchange reserves were being rebuilt. The October 1 refunding provided also an opportunity to raise $275 million in new cash, and for the first time since April 1, 1967, a long-term bond was included in the offering.

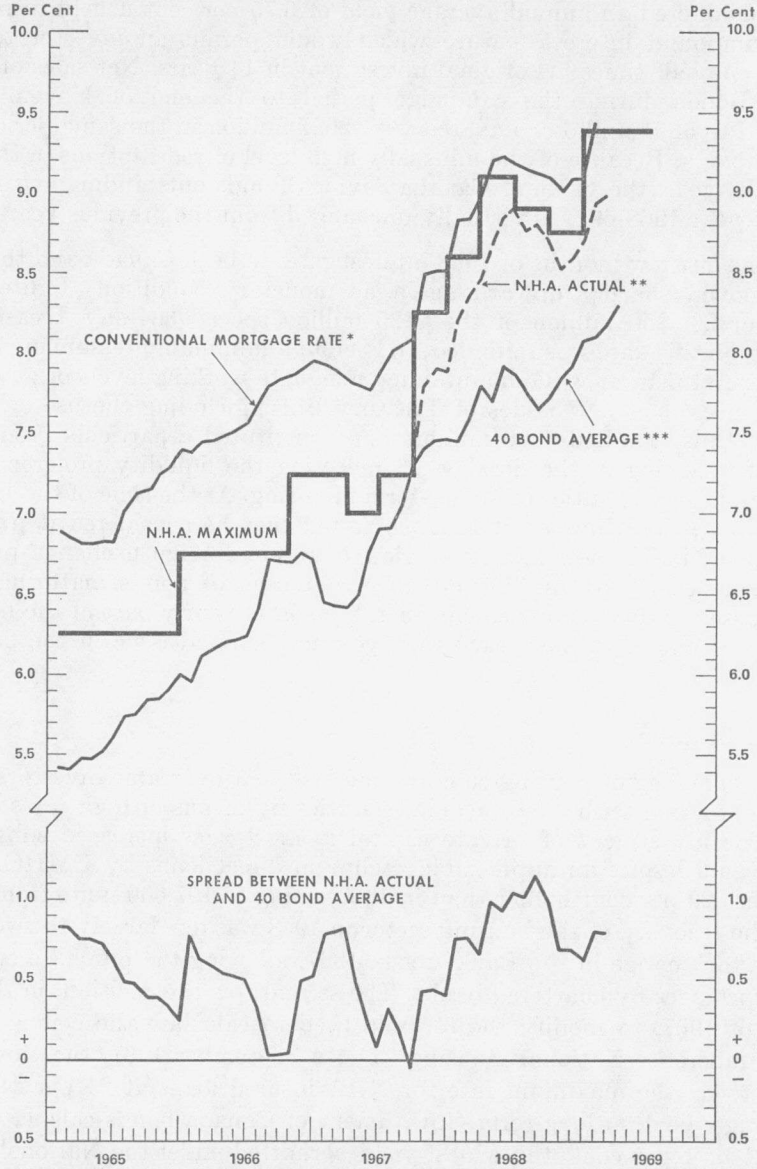
In view of the large cash requirements of the government and the difficult conditions of the bond market, the regular Canada Savings Bonds campaign beginning in October was particularly significant. The terms of the new series, which had to be set in August, reflecting the prevailing high yields of competitive investments, were the most favourable ever offered on a regular issue. The new bonds offered an annual average yield of 6.75 per cent if held to maturity, and a compound interest feature which would permit an investor to realize two and one half times his original investment in 14 years. Net sales of Canada Savings Bonds during the campaign period to the end of November 1968 amounted to $891 million compared with $637 million in the same period of the 1967 campaign. Because of the unusually high level of redemptions in the earlier part of the year, the value of Canada Savings Bonds outstanding at the end of the fiscal year 1968-69 was virtually unchanged from the previous year-end.

In the last few months of 1968 interest rates in both Canada and the United States moved sharply upward again as monetary conditions tightened. On November 29, $50 million of the $125 million special 364-day Treasury Bills maturing on this date was refunded, to keep to a minimum pressure on a deteriorating capital market while maintaining adequate working levels of government cash balances. Net new issues of Treasury Bills (including the use of one-year Treasury Bills) totalled $360 million, and constituted a particularly significant means of financing in the fiscal year, reflecting the liquidity preference of the market and the difficulties of longer-term financing. At the time of the December 15 refunding, the Minister of Finance stated that he considered it prudent to raise $50 million in new money in view of recent foreign exchange purchases, and announced a $100 million advance refunding of bonds maturing in July 1969 to assist in debt management operations in the early part of the next fiscal year. It did not prove necessary to have another bond issue in the fiscal year 1968-69.

Housing finance

The financing of housing construction last year overcame investors' general resistance to long-term fixed income securities by means of high rates on mortgages. The investment of private capital in mortgages increased substantially in 1968, and despite an appreciable decline in direct loans by CMHC, housing starts were 20 per cent higher than in 1967, rising to 197,000 units from 164,000 units. The recovery of the housing sector in 1968 was due largely to two factors. One was the change in the Bank Act in 1967, allowing the purchase of conventional mortgages by chartered banks. The second was the decision, in the fourth quarter of 1967, to modify the formula used to calculate the ceiling on loans insured under the National Housing Act. In September 1967, the Government decided to fix the maximum rate for NHA insured loans at $2\frac{1}{4}$ per cent above the average yield on long-term Government of Canada bonds calculated to the nearest $\frac{1}{8}$ of 1 per cent, the widest yield permitted under the National Housing Act. (Since November 1966, a spread of $1\frac{1}{4}$ per cent, calculated to the nearest $\frac{1}{4}$ per cent, had been used). This new flexibility in the rate succeeded in attracting large sources of private funds for investment in housing mortgages, and in easing somewhat the extent of government direct financing of housing construction.

CHART 25



*Average of prime conventional mortgage interest rates.

**Average N.H.A. interest rate on home-ownership loans by approved lenders. Up to and including Sept. 1967, this rate was generally the same as the maximum on N.H.A. insured loans.

***Month-end arithmetic average of forty municipal, provincial, public utility and industrial bonds, as compiled by McLeod, Young, Weir and Co., Ltd.

In 1968 total private lending, both conventional and NHA, increased by 27 per cent to $2.7 billion. In the same period, CMHC approvals of direct loans for housing and associated purposes declined by $234 million to just over $500 million.

The activity of the private lending institutions brought about an unprecedented increase of 39.2 per cent in the construction of multiple rental dwellings. Two major factors influenced this concentration of investment, in addition to the high occupancy rate and heavy demand for such accommodation. In February last year, the ceiling per unit for NHA insured loans on multiple unit housing was increased from $12,000 to $18,000, and, in the case of a rental loan made to a corporate borrower, the possible lock-in period was extended to within 10 years of the term of the loan, which can be as long as 35 years. The increase in construction starts of single family or semi-detached dwellings for the whole of 1968 was 3.6 per cent.

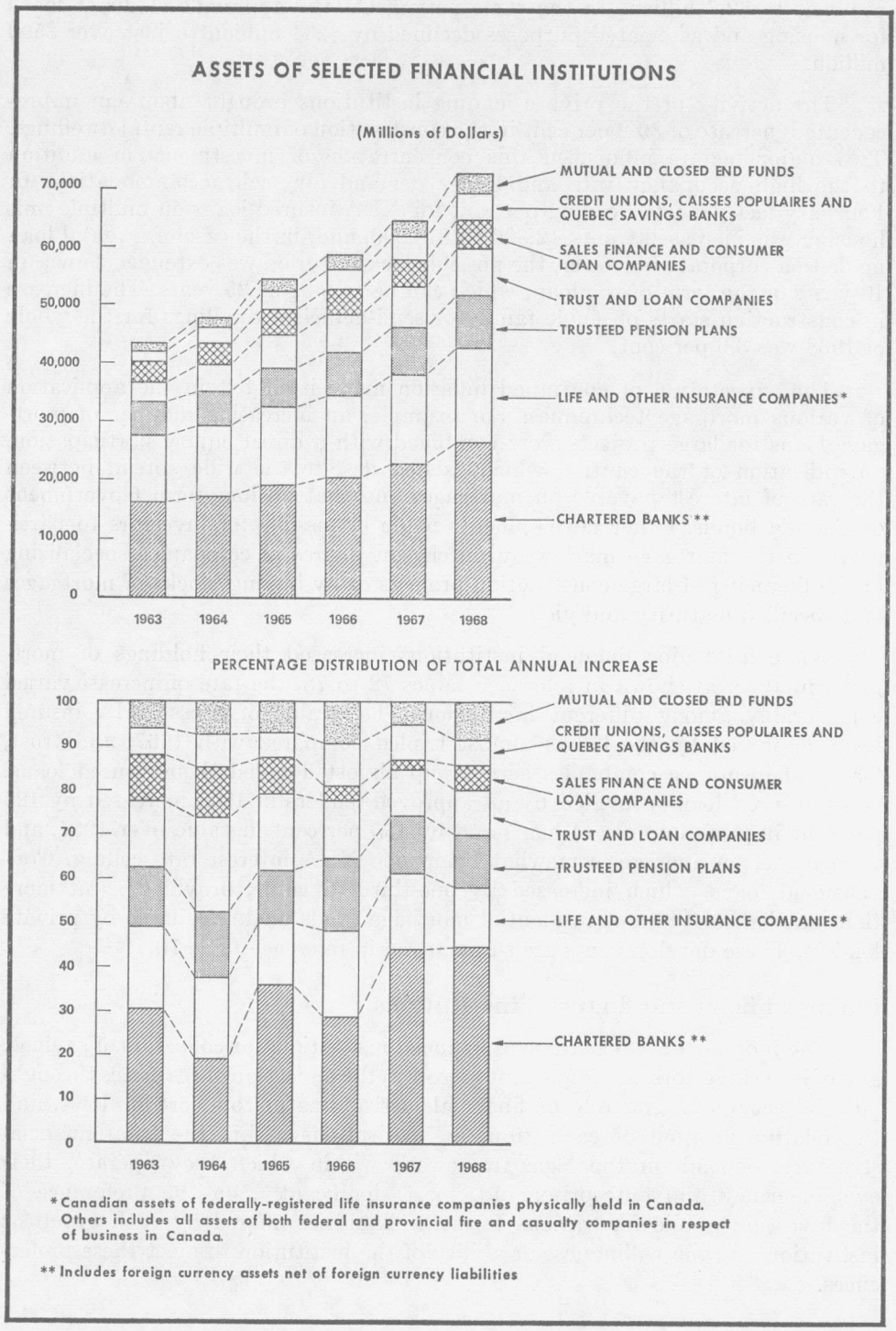
The expectation of continued inflation made itself felt in the application of various mortgage techniques. For example, an increasing number of mortgage loans for large projects were combined with a direct equity participation, an indication of the caution which existed despite the wide spread between the rate of interest payable on mortgages and that on long-term Government of Canada bonds. Other developments made it possible for investors to participate in the mortgage market by purchasing shares in companies specializing in the financing of large construction projects or by buying blocks of mortgages of a specified maturity and yield.

While all major financial institutions increased their holdings of mortgages in 1968, as shown in reference tables 72 to 78, the rate of increase varied considerably among different institutions. The value of gross NHA insured loans approved by the banks almost tripled compared with 1967, and trust, loan and insurance companies as a group almost doubled their insured loans. NHA insured loans provided by all approved lenders in 1968 increased by 125 per cent in gross number of loans and by 135 per cent in value over 1967, and were made, on average, somewhat below the NHA interest rate ceiling. Conventional loans, which increased by one-third in value, provided a bit more than one-half of the new residential mortgage funds made available by private lenders. These developments are summarized in reference table 70.

Financial flows and financial institutions

The judgment and decisions of financial institutions, as collectors of savings, and of large investors, are important factors in the allocation of resources throughout the economy. The role of financial institutions in total credit flows, and the relative position of each group of institutions within the total financial structure, depend on the legal framework within which they operate, their own efficiency and enterprise, and, most significantly, on the preference of the investing public for various forms of liabilities offered by each group or institution and the willingness or ability of the institution to meet these preferences.

CHART 26



* Canadian assets of federally-registered life insurance companies physically held in Canada. Others includes all assets of both federal and provincial fire and casualty companies in respect of business in Canada.

** Includes foreign currency assets net of foreign currency liabilities

Three readily discernable factors affected the relative growth of financial institutions in 1968. First, most institutions were continuing to adjust to the new competitive forces introduced by the revised Bank Act which became law in May 1967. Secondly, in an effort to increase earnings and improve their competitive position, many institutions accelerated their investment in common stocks, both foreign and domestic. And finally, as observed earlier, the continuing inflationary psychology made investors and financial intermediaries reluctant to commit funds to long-term bonds, preferring instead shorter-term investments, real estate, and common stocks. The impact of these investors' preferences on borrowers in Canada is indicated in reference table 71.

Total assets of the major financial institutions grew by an estimated $7.4 billion or 12 per cent in 1968, compared with 10 per cent or $6.8 billion in 1967 (see Chart 26). Almost half of the increase accrued to the chartered banks. The banks were able to achieve this large increase by bidding aggressively for savings and time deposits of individuals, which increased by 15.8 per cent, and for non-personal term deposits by large institutional depositors, which increased by 20.3 per cent over the 1967 levels. At the beginning of 1968, interest of 5 per cent was paid on non-chequable personal notice deposits and $5\frac{3}{4}$ per cent for large blocks of short-term funds. In late March 1969, these deposit rates had increased to $5\frac{1}{2}$ per cent and over 7 per cent respectively.

Large quarterly fluctuations occurred in the growth rate of the chartered banks' deposits, in response to changing market and credit conditions (see reference table 72). Non-personal term and notice deposits decreased slightly during the exchange crisis of the first quarter, when borrowings by business in the capital markets was restrained and an outflow of short-term capital occurred. These forms of bank deposit increased in the second and third quarters, as monetary conditions eased in anticipation of a slowing down in economic activity and businesses rebuilt their liquid positions, which had fallen to relatively low levels. The trend in non-personal term deposits was reversed as monetary conditions tightened again towards year end.

Personal non-chequable savings and term deposits increased dramatically, especially in the first half of the year. In part the increase was due to the successful efforts of the banks in encouraging individuals to transfer their deposits from chequable into non-chequable savings accounts where, since February 1968, the cash reserve requirement has been reduced to 4 per cent, compared to 12 per cent on demand deposits. In addition, proceeds from encashments of Canada Savings Bonds, to some extent, were deposited in these savings accounts.

As a result of this large inflow into savings and term deposits, the banks were able to increase their investments and loans in almost all major asset groups. The largest increases in 1968 occurred in Government of Canada securities ($946 million), personal loans ($738 million), business loans ($649 million) and loans to grain dealers ($294 million). Quarterly changes in business loans were significant. A large increase occurred during the exchange crisis early in the year, when bond financing by businesses was difficult, and less than usual reliance was placed on loans and investments from parent companies

abroad. With the easing of market conditions in early summer business loans declined, to increase again in the latter part of the year as borrowing conditions in the bond market again became increasingly difficult.

Trust company liabilities grew by 13.2 per cent in 1968, a higher rate than in the two previous years but substantially below the 21.3 per cent average in 1962-65. Most of the increase in term deposits and certificates, their major source of funds, occurred in the third quarter. Their demand and savings deposits declined slightly in the first half, but the flow was reversed during the second half of the year. During the fourth quarter, the net increase of $54 million in demand and savings deposits was the largest since mid-1965.

Investments in mortgages continued to be the major outlet for trust companies' funds; 65 per cent of their net increase in assets represented increased holdings of mortgages. Significant gains occurred in the second and third quarters, reflecting the large number of mortgage approvals which followed the establishment of the more flexible NHA rate in late 1967. The large increase in their holdings of finance paper, commercial notes and other short-term assets in the third and fourth quarters reflected a general disposition on the part of investors to remain liquid, and possibly to some extent the expectation that yields on mortgages, their major long-term investment, would increase in early 1969. The maximum rate on NHA insured mortgages moved to $9\frac{3}{8}$ per cent from $8\frac{3}{4}$ per cent at the end of the fourth quarter.

Total major assets of mortgage loan companies increased by about $157 million or 6.4 per cent in 1968, compared with a growth of 8 per cent in 1967. Mortgage loans rose by more than the increase in total assets, as holdings of government bonds and bills were run down. During 1968, these companies did not attract funds to debentures and term deposits on a large scale. Whereas these sources of funds had increased by 11.2 per cent in 1967, their increase in 1968 totalled only 6.1 per cent. The slower growth in this form of liability was only partially offset by a more rapid increase in demand and savings deposits, resulting in the slower rate of asset growth between 1967 and 1968.

The increased preference by Canadians for equities as a hedge against inflation was reflected in the total net sales of $316 million in mutual fund shares during 1968, more than twice the 1967 level. The largest increases occurred in the second and fourth quarters, responding to sharp gains in North American stock prices. During this period mutual funds increased their holdings of common and preferred stock by $450 million. Their purchases of foreign assets, mainly U.S. equities, continued unabated throughout the year. During the first and third quarters, the mutual funds placed all their net increase in funds into foreign equities, and in addition sold part of their holdings of Canadian equities for investment in foreign equities. At mid-year, notwithstanding the incentives under present tax legislation to hold domestic equities, the industry's holdings of foreign equities surpassed for the first time their holdings of Canadian equities.

The Canadian investment transactions of 16 life insurance companies, whose assets represent about 80 per cent of total life insurance assets held in Canada, totalled $623 million in 1968 compared with $579 million the previous year. Mortgage investments totalled $332 million, nearly 15 per cent above the

1967 level, the increase being heavily concentrated in the second half of the year. Purchases of corporate and institutional bonds were down substantially from 1967. For the fourth successive year these companies reduced their holdings of municipal bonds, the reduction of $19 million occurring mainly in the fourth quarter. Net purchases of provincial bonds were relatively high during most of 1968, especially during the first and third quarters. Substantial purchases of Canadian common and preferred stocks were made in the third quarter and, during December, net purchases of $20 million represented 56 per cent of the total net new investments in that month, bringing the total for the year to about $100 million or 16 per cent of net new investments. This movement into stocks reflected, in part, a reaction to the new tax proposals affecting insurance companies announced in last October's Budget, and also the introduction by some companies earlier in the year of variable income annuities and similar plans which are largely based on equity investments offering the contractual investor greater protection against inflation.

Assets of trusteed pension funds increased by approximately 11.5 per cent during 1968. Preliminary indications are that the pension funds as a group continued to invest a growing proportion of their funds in equities and less in government and corporate bonds. It also appears that the percentage of total assets invested in mortgages in 1968 increased slightly, a reversal of a downward movement which began in 1966.

Total assets of the sales finance and consumer loan companies grew by an estimated $427 million, or 9.5 per cent, in 1968, compared with 3 per cent in 1967 and 15 per cent per year in the 1962–65 period. Because of the demand by other sectors of the economy for liquid assets, these companies were able to increase their net outstanding demand and short-term notes by $344 million, with all of the increase occurring in the first half of 1968. On the other hand, the increase in long-term debt outstanding totalled only $60 million compared with $111 million in the previous year.

Consumer credit extended by these companies continued to be their major outlet for investment, increasing by $229 million in 1968, or at the same per cent rate as the increase in total assets. Their share of all consumer lending continued to decline. Total consumer credit increased by 14.4 per cent in 1968, bringing the total outstanding at year-end to approximately $9,525 million. The major competition for consumer credit came from the chartered banks which accounted for over 65 per cent of the $1.2 billion increase in 1968. At the end of 1968, the sales finance and consumer loan companies held about 28 per cent of consumer credit outstanding compared with 32 per cent in 1964. The chartered banks held 39 per cent at the end of 1968 compared with 30 per cent in 1964.

Also affecting the investment decisions of financial institutions during 1968 were the guidelines issued by the Minister of Finance on their foreign currency operations. As mentioned earlier, a factor in the run on the Canadian dollar in the first part of 1968 was concern about the impact on Canada of mandatory restraint placed by the U.S. authorities on foreign direct investments abroad by U.S. companies. As noted, on March 7, 1968, in the exchange of letters

between the Minister of Finance and the Secretary of the Treasury, Canada received an exemption from all U.S. balance of payments measures administered by the Department of Commerce and the Federal Reserve Board. In response, Canada undertook to ensure that this exemption would not result in Canada being used as a "pass through" by which the purpose of the U.S. balance of payments measures would be frustrated. In order to implement this undertaking, the Minister of Finance announced two sets of guidelines for financial institutions: the first, on May 3, for chartered banks and the second, on July 24, for non-bank financial institutions. In essence, the guidelines asked financial institutions not to increase their foreign currency assets abroad unless such an increase was accompanied by an equal or greater increase in foreign currency liabilities abroad. The financial institutions, recognizing the importance to Canada of unrestricted access to the U.S. capital markets, have cooperated with the Minister's request. In addition, in September 1968, the Minister of Trade and Commerce announced some voluntary guidelines respecting investment abroad by Canadian non-financial institutions, designed to ensure that these investments outside Canada and the United States will be compatible with Canada's unrestricted access to the U.S. capital market.

THE ECONOMIC OUTLOOK

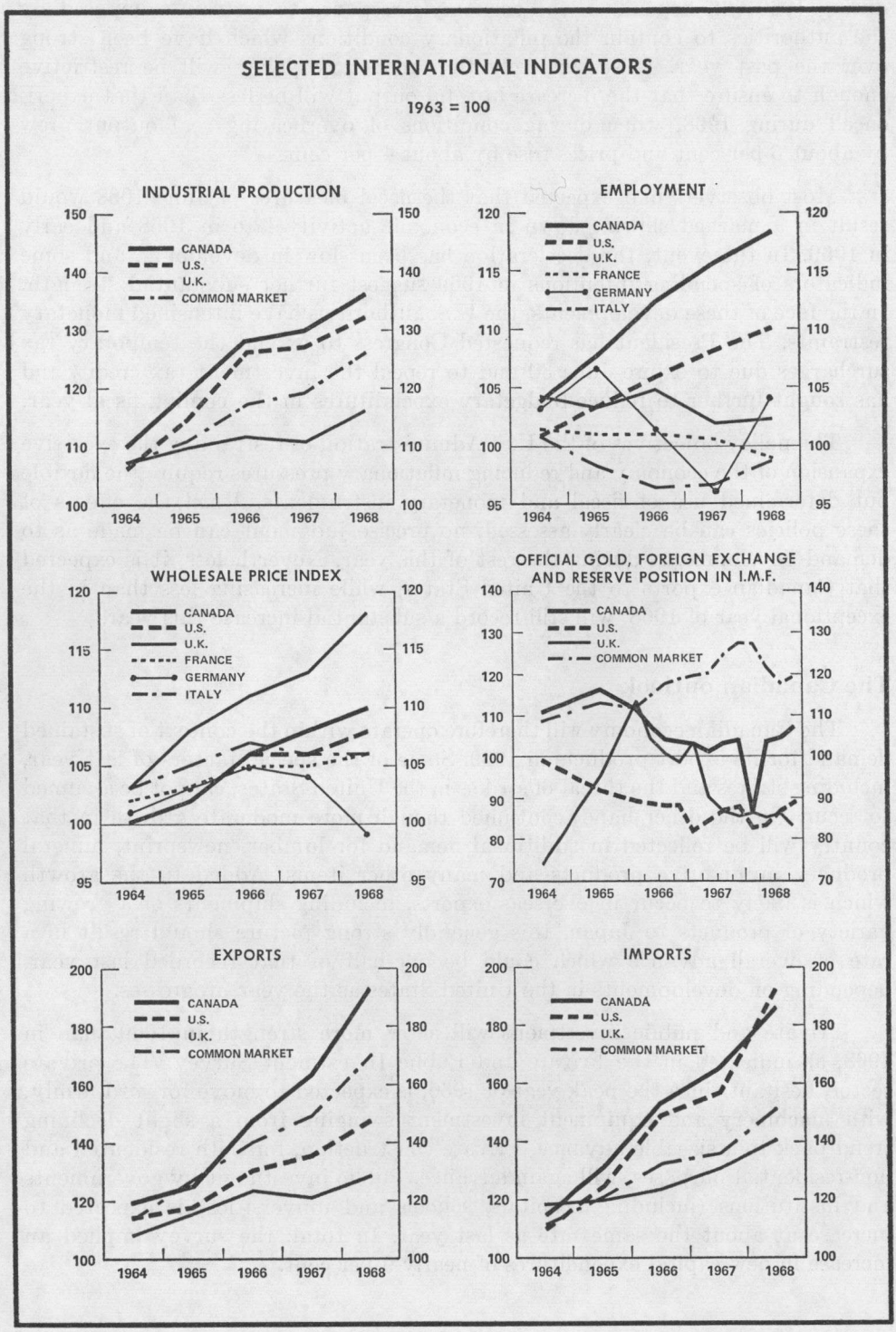
Foreign developments

Economic activity in those countries which are important outlets for Canadian exports advanced substantially in 1968, despite uncertainties arising from international financial difficulties. In the major industrial countries of the Organisation for Economic Co-operation and Development, other than the United States, expectations are that the increase in activity in 1969 will be similar to that achieved in 1968.

Germany's domestic activity has acquired considerable momentum. It is expected that the increase in real output in 1969 could be about 5 per cent. In Italy, demand appears to have strengthened in the last half of 1968 and it is expected that real output may increase by more than 5 per cent in 1969. Prospects in France are somewhat less clear, but it is expected that the increase in real output will be considerably above that achieved in 1968, when disturbances in May and June seriously affected output.

In the United Kingdom, the primary objective of diverting resources toward improvement of the balance of payments, through policies of restraint, should impose some constraint on the ability of the United Kingdom to expand domestic demand at the rate recorded in 1968. In Japan, the growth in real GNP in 1969 may fall short of the 11 per cent rate of 1968, but it will nevertheless be strong. In sum, the OECD countries apart from the United States are expected to increase their real output in 1969 by more than 5 per cent, about the same as that achieved in 1968.

CHART 27


SELECTED INTERNATIONAL INDICATORS
1963 = 100
INDUSTRIAL PRODUCTION
CANADA
U.S.
U.K.
COMMON MARKET
EMPLOYMENT
CANADA
U.S.
U.K.
FRANCE
GERMANY
ITALY
WHOLESALE PRICE INDEX
CANADA
U.S.
U.K.
FRANCE
GERMANY
ITALY
OFFICIAL GOLD, FOREIGN EXCHANGE AND RESERVE POSITION IN I.M.F.
CANADA
U.S.
U.K.
COMMON MARKET
EXPORTS
CANADA
U.S.
U.K.
COMMON MARKET
IMPORTS
CANADA
U.S.
U.K.
COMMON MARKET
1964
1965
1966
1967
1968

In the United States, Canada's major export market, the economic outlook during 1969 will depend on the economy's response to restraints imposed by the authorities to contain the inflationary conditions which have been strong over the past year. It seems likely that monetary policy will be restrictive enough to ensure that the increase in total output will be less than that experienced during 1968, when during conditions of overheating real output grew by about 5 per cent and prices rose by about 4 per cent.

Most observers had expected that the fiscal measures of June 1968 would result in a marked slowing-down in economic activity late in 1968 and early in 1969. In the event, the deceleration has been slow in developing, and some indicators of spending intentions in 1969 suggest further substantial strength. In the face of these developments, the U.S. authorities have intensified monetary restraints. The President has requested Congress to extend the temporary tax surcharges due to expire June 30 and to repeal the investment tax credit, and has sought further to reduce budgetary expenditures in the coming fiscal year.

The policy objectives of the U.S. Administration of restraining the excessive expansion of the economy and reducing inflationary pressures require the flexible but determined use of fiscal and monetary instruments. Until the effects of these policies can be clearly assessed, no precise judgment can be made as to demand developments during the rest of this year. Nevertheless, it is expected that Canadian exports to the United States, while increasing less than in the exceptional year of 1968, will still record a substantial increase this year.

The Canadian outlook

The Canadian economy will therefore operate within the context of sustained demand for its export products in 1969. Some of the special factors of last year, including strikes and the threat of strikes in the United States, cannot be assumed to recur. On the other hand, continued though more moderate growth in that country will be reflected in additional demand for lumber, newsprint, mineral products, automotive products and many other items. Added to the growth which is likely to occur in overseas exports, including shipments of a growing variety of products to Japan, this generally strong picture should result in a rate of overall advance which could be one-half of that recorded last year, depending on developments in the United States as the year progresses.

Private and public investment will show more strength in 1969 than in 1968, as indicated in the Private and Public Investment Survey. The private sector, hesitant since the peak year of 1966, is expected to move forward firmly, with machinery and equipment investment swinging from a slight declining trend back to a sizeable advance. Private construction, for both residential and non-residential purposes, will again advance. Public investment by governments and institutions (including hospitals, schools and universities) is expected to increase at about the same rate as last year. In total, the survey implied an increase in new capital expenditures of nearly 9 per cent.

In 1968, business inventories, which were low in relation to economic activity, began to rise as the economy expanded. It is expected that a further modest build-up will occur this year.

In the personal sector, higher levels of employment and earnings are expected to result in increases in consumer spending much in line with those of the past few years. Despite substantial increases in personal direct taxes, levels of disposable income remain high, and rates of personal saving, which are still high by historical standards, would allow for continued gains in personal expenditures. Direct purchases of goods and services by governments, while being restrained, are nevertheless expected to increase in real terms. As noted on an earlier page, population growth, urbanization and price considerations represent a built-in growth factor in the government sector.

The outlook for the farm sector appears mixed. Farm cash receipts from sale of wheat will probably be lower than last year, but receipts from other grains are expected to be higher. There is a record level of grain inventories on hand, both on the farms and in commercial channels. Livestock markets remain strong, so that income from this source in both east and west should be well maintained. Income from dairy products will probably change little in the year. A possible stronger demand for poultry meat and eggs could provide income from this source at least equal to that of 1968.

In total, demand growth, including domestic and external, could well be at least as strong as in 1968. Some of this increased demand will likely be met by imports, especially in the area of investment goods. As noted above, the growth rate of the U.S. economy is expected to be less than that of last year, and the very large increase in Canadian exports to that country is not expected to be repeated. Accordingly, it might reasonably be supposed that the deficit on international current account will increase somewhat over the exceptionally low figure achieved last year.

Last year, real output grew by nearly 5 per cent, about in line with the underlying capacity of the economy to grow. Productivity growth per man-year, as noted earlier, was substantially above recent experience, and employment growth, while also substantial, did not keep up with the continued rapid increase in the labour force. One cannot count on a repetition of this sharp increase in non-farm productivity, and the employment growth in 1969 should be above that achieved last year. Evidence in the early months of 1969 points in this direction. The increase in the labour force is expected to continue at least at the rate recorded in 1968. On balance, the reduction in the unemployment rate for the year as a whole is not likely to be substantial, although it should be noted that there has been a considerable decline from the summer of 1968 to the early months of this year.

Total labour income, partly reflecting the accelerated growth of employment, may be expected to grow at about the rates achieved in recent years. The sharp advance in corporation profits recorded last year is unlikely to be repeated, although continued increases are expected. Costs, including both wage-costs and non-wage-costs per unit of output, are expected to advance

again, as money incomes continue to rise more rapidly than overall productivity gains. At a time of continued substantial growth in total demand both at home and abroad, cost increases of this nature may more easily be passed on in the form of rising prices, and a continuation of rising prices this year must be anticipated, though hopefully at a gradually diminishing rate.

The outlook for prices is conditioned by a number of offsetting factors. With the persistence of inflationary expectations, the expected growth in demand, and the additional problems posed by more rapid growth in some regions, especially in Ontario, conditions exist in which price increases in some sectors are likely to occur. Additional price pressures may permeate the economy from abroad. In the United States, much will depend upon the success of the fiscal and monetary policies directed toward price restraint. Offsetting these factors to some extent will be a further move to surplus of the government sector as a whole in Canada, on a national accounts basis, and including the Canada and Quebec pension plan net receipts. A small reduction in the rate of price inflation is possible this year. This will be achieved only if the United States succeeds in curbing its rate of increase, if there is responsible action by Canadians whose market actions and collective bargaining have important effects on prices and costs in Canada, and if governments in Canada continue restraining the growth in their expenditures.

Conclusions

The prospects are favourable for a growth in GNP at least equal to that of 1968. While price changes will still be significant, the growth in real output should equal or exceed that of last year. The unemployment rate should average a bit below that of 1968 and employment will move up faster than in that year.

The Canadian economy should have a more balanced expansion in 1969 than last year, as between the various kinds of expenditures. Similar rates of increase expected in public and private investment, and for construction outlays and purchases of equipment, represent a return to more normal conditions after the readjustments of 1967 and 1968. There should be an improved balance as between industrial sectors; notably, expected investment in manufacturing should be in a better relationship with other sectors. Also of importance in terms of balance is the anticipated moderation of the rate of growth in the export sector while investment activity moves ahead. A higher level of housing construction should meet more of the shortage of accommodation. However, important problems remain. As noted, price increases are still higher than desirable. As amongst the various geographic regions, pressure on resources could be strong in Ontario while in the eastern part of Canada unemployment and lower levels of income remain matters of major concern. Problems in the farm sector are aggravated by high levels of grain inventories both at home and abroad.

The increased demand for investment, as represented by rising requirements for housing, business investment and inventories, is expected to be met from increased saving in the business sector, some increase of the current ac-

count deficit and the capital account surplus on international transactions, and a considerable improvement in saving from the government sector, which is not expected to make as large demands on the capital market as last year. The level of personal saving is not expected to change much, as increases in personal spending should roughly match increases in personal income after taxes. Accordingly, the moves that have been taken in the past eight months toward fiscal restraint on the part of all levels of government are expected to play an important role in attaining the objective of sustained and balanced economic growth.

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REFERENCE TABLE 1

DEMOGRAPHIC DEVELOPMENTS

1947 to 1968

Years and Quarters	Population as of June 1[1]	Birth Rate	Death Rate	Natural Rate of Increase	Immigration Rate	Annual Growth Rate of Population	Number of Families	Net Family Formation
	(Thousands of persons)	(Per thousand of population)				(Per cent)	(Thousands)	
1947	12,888	28.9	9.4	19.5	5.0	2.1	n.a.	n.a.
1948	13,167	27.3	9.3	18.0	9.5	2.2	n.a.	n.a.
1949	13,447	27.3	9.3	18.0	7.1	2.1	n.a.	n.a.
1950	13,712	27.1	9.1	18.0	5.4	2.0	n.a.	n.a.
1951	14,009	27.2	9.0	18.2	13.8	2.2	3,282.4	n.a.
1952	14,459	27.9	8.7	19.2	11.3	3.2	3,360.0	77.6
1953	14,845	28.1	8.6	19.5	11.4	2.7	3,423.0	63.0
1954	15,287	28.5	8.2	20.3	10.1	3.0	3,537.0	114.0
1955	15,698	28.2	8.2	20.0	7.0	2.7	3,625.0	88.0
1956	16,081	28.0	8.2	19.8	10.3	2.4	3,705.6	80.6
1957	16,610	28.2	8.2	20.0	17.0	3.3	3,796.0	90.4
1958	17,080	27.5	7.9	19.6	7.3	2.8	3,898.0	102.0
1959	17,483	27.4	8.0	19.4	6.1	2.4	3,982.0	84.0
1960	17,870	26.8	7.8	19.0	5.8	2.2	4,081.0	99.0
1961	18,238	26.1	7.7	18.4	3.9	2.1	4,140.4	59.4
1962	18,583	25.3	7.7	17.6	4.0	1.9	4,189.0	48.6
1963	18,931	24.6	7.8	16.8	4.9	1.9	4,258.0	69.0
1964	19,290	23.5	7.6	15.9	5.9	1.9	4,341.0	83.0
1965	19,644	21.3	7.6	13.7	7.5	1.8	4,432.0	91.0
1966	20,015	19.4	7.5	11.9	9.7	1.9	4,518.3	86.3
1967	20,405	18.2	7.4	10.8	10.9	1.9	4,608.0	89.7
1968	20,744	17.7	7.4	10.3	8.9	1.7	n.a.	n.a.
		(Expressed at annual rates)						
1966 I	19,857	19.3	7.6	11.7	6.2	1.6	n.a.	n.a.
II	19,939	20.5	7.6	12.8	11.1	1.6	n.a.	n.a.
III	20,050	19.8	7.2	12.6	11.7	2.2	n.a.	n.a.
IV	20,158	18.1	7.3	10.7	10.0	2.2	n.a.	n.a.
1967 I	20,252	18.2	7.5	10.7	8.7	1.9	n.a.	n.a.
II	20,334	19.1	7.3	11.8	12.8	1.6	n.a.	n.a.
III	20,441	18.4	7.2	11.2	12.8	2.1	n.a.	n.a.
IV	20,548	16.9	7.4	9.5	9.4	2.1	n.a.	n.a.
1968 I	20,630	17.1	8.1	8.9	6.9	1.6	n.a.	n.a.
II	20,700	18.0	7.1	10.8	9.6	1.4	n.a.	n.a.
III	20,772	18.5	7.1	11.4	9.8	1.4	n.a.	n.a.
IV	20,857	17.1	7.1	10.0	9.2	1.6	n.a.	n.a.

[1] Quarterly figures are the estimates for the months of January, April, July and October.

n. a. = not available

SOURCE: DBS *Vital Statistics*, Annual, Cat. 84-201, Monthly, Cat. 84-001.
DBS *Estimates of Families in Canada*, Annual, Cat. 91-204.

REFERENCE TABLE 2

GROSS NATIONAL EXPENDITURE

1947 to 1968

Years and Quarters	Personal Expenditure on Consumer Goods and Services	Government Expenditure on Goods and Services	Business Gross Fixed Capital Formation[1]	Value of Physical Change in Inventories[2]	Exports of Goods and Services	Imports of Goods and Services	Residual Error of Estimate	Gross National Expenditure at Market Prices
	(Millions of dollars)							
1947	9,090	1,541	2,085	403	3,640	−3,621	27	13,165
1948	10,085	1,797	2,619	113	4,050	−3,633	89	15,120
1949	10,923	2,127	3,032	49	4,021	−3,853	44	16,343
1950	12,026	2,344	3,348	550	4,183	−4,513	68	18,006
1951	13,460	3,271	3,959	914	5,089	−5,613	90	21,170
1952	14,781	4,279	4,451	512	5,573	−5,400	−201	23,995
1953	15,592	4,432	4,998	583	5,400	−5,843	−142	25,020
1954	16,175	4,461	4,779	−130	5,147	−5,574	13	24,871
1955	17,389	4,792	5,210	311	5,764	−6,443	109	27,132
1956	18,833	5,386	6,774	1,084	6,365	−7,715	−142	30,585
1957	20,072	5,722	7,335	231	6,391	−7,813	−29	31,909
1958	21,245	6,180	6,975	−322	6,340	−7,423	−101	32,894
1959	22,591	6,490	6,894	357	6,683	−8,131	31	34,915
1960	23,540	6,769	6,692	410	7,008	−8,172	40	36,287
1961	24,466	7,236	6,635	30	7,631	−8,542	15	37,471
1962	25,926	7,717	6,960	532	8,259	−9,082	263	40,575
1963	27,487	8,075	7,591	535	9,111	−9,618	243	43,424
1964	29,666	8,654	9,103	386	10,578	−10,970	−24	47,393
1965	32,061	9,614	10,651	948	11,265	−12,400	64	52,203
1966	34,848	11,286	12,493	940	13,128	−14,360	−231	58,104
1967	37,714	12,377	12,609	225	14,748	−15,415	−149	62,109
1968	40,916	13,329	12,753	660	16,735	−17,067	42	67,368
	(Seasonally adjusted at annual rates)							
1966 I	33,956	10,656	11,968	988	12,552	−13,524	−56	56,540
II	34,116	10,964	12,572	1,668	12,736	−13,944	−260	57,852
III	35,332	11,632	12,308	588	13,456	−14,712	−176	58,428
IV	35,988	11,892	13,124	516	13,768	−15,260	−432	59,596
1967 I	36,444	11,860	13,236	152	14,520	−15,168	−112	60,932
II	37,388	12,672	13,068	148	14,964	−15,848	−244	62,148
III	38,192	12,288	12,168	680	14,512	−15,380	−32	62,428
IV	38,832	12,688	11,964	−80	14,996	−15,264	−208	62,928
1968 I	39,872	12,840	12,632	468	16,156	−16,628	−172	65,168
II	40,164	13,112	12,516	384	16,736	−16,572	−12	66,328
III	41,380	13,408	12,736	716	16,636	−17,132	80	67,824
IV	42,248	13,956	13,128	1,072	17,412	−17,936	272	70,152

[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.

SOURCE: DBS *The National Accounts, Income and Expenditure*, Occasional, Cat. 13-502, Annual, Cat. 13-201, Quarterly, Cat. 13-001.

REFERENCE TABLE 3

CHANGES IN THE COMPONENTS OF GROSS NATIONAL EXPENDITURE

1947 to 1968

Years and Quarters	Personal Expenditure on Consumer Goods and Services	Government Expenditure on Goods and Services	Business Gross Fixed Capital Formation (1)	Value of Physical Change in Inventories (2)(3)	Exports of Goods and Services	Imports of Goods and Services	Gross National Expenditure at Market Prices
	(Per cent change from previous period)						
1947	13.2	−14.2	50.2	70	13.4	25.9	11.1
1948	10.9	16.6	25.6	−290	11.3	0.3	14.8
1949	8.3	18.4	15.8	−64	−0.7	6.1	8.1
1950	10.1	10.2	10.4	501	4.0	17.1	10.2
1951	11.9	39.5	18.2	364	21.7	24.4	17.6
1952	9.8	30.8	12.4	−402	9.5	−3.8	13.3
1953	5.5	3.6	12.3	71	−3.1	8.2	4.3
1954	3.7	0.7	−4.4	−713	−4.7	−4.6	−0.6
1955	7.5	7.4	9.0	441	12.0	15.6	9.1
1956	8.3	12.4	30.0	773	10.4	19.7	12.7
1957	6.6	6.2	8.3	−853	0.4	1.3	4.3
1958	5.8	8.0	−4.9	−553	−0.8	−5.0	3.1
1959	6.3	5.0	−1.2	679	5.4	9.5	6.1
1960	4.2	4.3	−2.9	53	4.9	0.5	3.9
1961	3.9	6.9	−0.9	−380	8.9	4.5	3.3
1962	6.0	6.6	4.9	502	8.2	6.3	8.3
1963	6.0	4.6	9.1	3	10.3	5.9	7.0
1964	7.9	7.2	19.9	−149	16.1	14.1	9.1
1965	8.1	11.1	17.0	562	6.5	13.0	10.1
1966	8.7	17.4	17.3	−8	16.5	15.8	11.3
1967	8.2	9.7	0.9	−715	12.3	7.3	6.9
1968	8.5	7.7	1.1	435	13.5	10.7	8.5
	(Seasonally adjusted)						
1966 I	2.0	6.3	3.3	380	5.1	2.0	4.4
II	0.5	2.9	5.0	680	1.5	3.1	2.3
III	3.6	6.1	−2.1	−1,080	5.7	5.5	1.0
IV	1.9	2.2	6.6	−72	2.3	3.7	2.0
1967 I	1.3	−0.3	0.9	−364	5.5	−0.6	2.2
II	2.6	6.8	−1.3	−4	3.1	4.5	2.0
III	2.2	−3.0	−6.9	532	−3.0	−3.0	0.5
IV	1.7	3.3	−1.7	−760	3.3	−0.8	0.8
1968 I	2.7	1.2	5.6	548	7.7	8.9	3.6
II	0.7	2.1	−0.9	−84	3.6	−0.3	1.8
III	3.0	2.3	1.8	332	−0.6	3.4	2.3
IV	2.1	4.1	3.1	356	4.7	4.7	3.4

(1), (2) See footnotes (1), (2) reference table 2.

(3) Expressed in terms of absolute changes (millions of dollars) from the previous period.

SOURCE: DBS *The National Accounts*.

REFERENCE TABLE 4

GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS

1947 to 1968

Years and Quarters	Personal Expenditure on Consumer Goods and Services	Government Expenditure on Goods and Services	Business Gross Fixed Capital Formation(1)	Exports of Goods and Services	Imports of Goods and Services	Value of Physical Change in Inventories(2)	Residual Error of Estimate(3)	Gross National Product in Constant (1957) Dollars
	(Millions of dollars)							
1947	13,309	2,762	3,576	4,912	−4,967	491	356	20,439
1948	13,047	2,839	3,956	4,975	−4,458	96	366	20,821
1949	13,637	3,175	4,350	4,770	−4,581	54	221	21,626
1950	14,542	3,349	4,543	4,743	−5,003	616	324	23,114
1951	14,759	4,188	4,736	5,193	−5,568	932	291	24,531
1952	15,775	5,250	5,146	5,751	−5,806	537	−139	26,514
1953	16,658	5,251	5,628	5,702	−6,263	648	−99	27,525
1954	17,044	5,098	5,340	5,476	−5,961	−237	−46	26,714
1955	18,304	5,319	5,682	5,894	−6,825	461	183	29,018
1956	19,478	5,664	7,014	6,333	−7,921	1,086	−146	31,508
1957	20,072	5,722	7,335	6,391	−7,813	231	−29	31,909
1958	20,707	6,113	6,825	6,365	−7,313	−314	−99	32,284
1959	21,711	6,205	6,562	6,610	−8,058	338	30	33,398
1960	22,402	6,268	6,231	6,884	−8,020	397	38	34,200
1961	23,105	6,562	6,125	7,379	−8,132	29	13	35,081
1962	24,173	6,811	6,254	7,747	−8,306	508	242	37,429
1963	25,260	6,848	6,618	8,445	−8,550	510	221	39,352
1964	26,846	7,113	7,606	9,610	−9,632	354	−21	41,876
1965	28,461	7,524	8,530	10,098	−10,838	938	55	44,768
1966	29,902	8,309	9,633	11,382	−12,295	891	−186	47,636
1967	31,326	8,696	9,533	12,563	−13,054	174	−117	49,121
1968	32,740	8,792	9,361	14,106	−14,127	545	34	51,451
	(Seasonally adjusted at annual rates)							
1966 I	29,508	7,944	9,392	11,044	−11,684	1,000	−48	47,156
II	29,296	8,164	9,732	11,124	−11,988	1,568	−208	47,688
III	30,256	8,504	9,436	11,532	−12,560	532	−144	47,556
IV	30,548	8,624	9,972	11,828	−12,948	464	−344	48,144
1967 I	30,784	8,356	9,980	12,420	−12,892	116	−88	48,676
II	31,232	9,012	9,920	12,760	−13,432	100	−192	49,400
III	31,496	8,572	9,244	12,328	−13,044	556	−24	49,128
IV	31,792	8,844	8,988	12,744	−12,848	−76	−164	49,280
1968 I	32,296	8,588	9,448	13,648	−13,848	324	−128	50,328
II	32,268	8,780	9,204	14,096	−13,740	328	−8	50,928
III	33,032	8,740	9,300	14,020	−14,180	620	60	51,592
IV	33,364	9,060	9,492	14,660	−14,740	908	212	52,956

(1), (2) See footnotes (1), (2) reference table 2.

(3) Years 1947 to 1955 include an adjusting entry arising from the rebasing of the 1949 constant dollar series to a 1957 constant dollar series.

SOURCE: DBS *The National Accounts.*

REFERENCE TABLE 5

CHANGES IN THE COMPONENTS OF GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS

1947 to 1968

Years and Quarters	Personal Expenditure on Consumer Goods and Services	Government Expenditure on Goods and Services	Business Gross Fixed Capital Formation (1)	Exports of Goods and Services	Imports of Goods and Services	Value of Physical Change in Inventories (2) (3)	Gross National Expenditure in Constant (1957) Dollars
	(Per cent change from previous period)						
1947	3.2	−19.4	35.2	0.6	12.3	n.a.	1.3
1948	−1.9	2.8	10.5	1.3	−10.2	−395	1.9
1949	4.5	11.8	9.9	−4.1	2.8	−42	3.9
1950	6.6	5.5	4.5	−0.6	9.2	562	6.9
1951	1.5	25.1	4.2	9.5	11.3	316	6.1
1952	6.9	25.4	8.7	10.7	4.3	−395	8.1
1953	5.6	0.0	9.4	−0.9	7.9	111	3.8
1954	2.3	−2.9	−5.2	−4.0	−4.8	−885	−2.9
1955	7.4	4.3	6.4	7.6	14.5	698	8.6
1956	6.4	6.5	23.4	7.4	16.1	625	8.6
1957	3.0	1.0	4.6	0.9	−1.4	−855	1.3
1958	3.2	6.8	−7.0	−0.4	−6.4	−545	1.2
1959	4.8	1.5	−3.9	3.8	10.2	652	3.5
1960	3.2	1.0	−5.0	4.1	−0.5	59	2.4
1961	3.1	4.7	−1.7	7.2	1.4	−368	2.6
1962	4.6	3.8	2.1	5.0	2.1	479	6.7
1963	4.5	0.5	5.8	9.0	2.9	2	5.1
1964	6.3	3.9	14.9	13.8	12.7	−156	6.4
1965	6.0	5.8	12.1	5.1	12.5	584	6.9
1966	5.1	10.4	12.9	12.7	13.4	−47	6.4
1967	4.8	4.7	−1.0	10.4	6.2	−717	3.1
1968	4.5	1.1	−1.8	12.3	8.2	371	4.7
	(Seasonally adjusted)						
1966 I	0.8	3.5	2.2	4.1	1.7	376	2.9
II	−0.7	2.8	3.6	0.7	2.6	568	1.1
III	3.3	4.2	−3.0	3.7	4.8	−1,036	−0.3
IV	1.0	1.4	5.7	2.6	3.1	−68	1.2
1967 I	0.8	−3.1	0.1	5.0	−0.4	−348	1.1
II	1.5	7.9	−0.6	2.7	4.2	−16	1.5
III	0.8	−4.9	−6.8	−3.4	−2.9	456	−0.6
IV	0.9	3.2	−2.8	3.4	−1.5	−632	0.3
1968 I	1.6	−2.9	5.1	7.1	7.8	400	2.1
II	−0.1	2.2	−2.6	3.3	−0.8	4	1.2
III	2.4	−0.5	1.0	−0.5	3.2	292	1.3
IV	1.0	3.7	2.1	4.6	3.9	288	2.6

(1), (2) See footnotes (1), (2) on reference table 2.

(3) See footnote (3) on reference table 3.

SOURCE: DBS *The National Accounts.*

REFERENCE TABLE 6

STRUCTURAL CHANGES IN DEMAND
(PER CENT DISTRIBUTION OF GROSS NATIONAL EXPENDITURE BY COMPONENTS)
1947 to 1968

Years and Quarters	Personal Expenditure on Consumer Goods and Services	Government Expenditure on Goods and Services	Business Gross Fixed Capital Formation(1)	Exports of Goods and Services	Imports of Goods and Services	Value of Physical Change in Inventories(2)	Residual Error of Estimate	Gross National Expenditure at Market Prices
1947	69.0	11.7	15.8	27.7	−27.5	3.1	0.2	100.0
1948	66.7	11.9	17.3	26.8	−24.0	0.7	0.6	100.0
1949	66.8	13.0	18.6	24.6	−23.6	0.3	0.3	100.0
1950	66.8	13.0	18.6	23.2	−25.1	3.1	0.4	100.0
1951	63.6	15.5	18.7	24.0	−26.5	4.3	0.4	100.0
1952	61.6	17.8	18.0	23.2	−22.5	2.1	−0.8	100.0
1953	62.3	17.7	20.0	21.6	−23.3	2.3	−0.6	100.0
1954	65.0	17.9	19.2	20.7	−22.4	−0.5	0.1	100.0
1955	64.1	17.7	19.2	21.2	−23.7	1.1	0.4	100.0
1956	61.6	17.6	22.2	20.8	−25.2	3.5	−0.5	100.0
1957	62.9	18.0	23.0	20.0	−24.5	0.7	−0.1	100.0
1958	64.6	18.8	21.2	19.3	−22.6	−1.0	−0.3	100.0
1959	64.7	18.6	19.8	19.1	−23.3	1.0	0.1	100.0
1960	64.9	18.7	18.4	19.3	−22.5	1.1	0.1	100.0
1961	65.3	19.3	17.7	20.4	−22.8	0.1	0.0	100.0
1962	63.9	19.0	17.2	20.4	−22.4	1.3	0.6	100.0
1963	63.3	18.6	17.5	21.0	−22.2	1.2	0.6	100.0
1964	62.6	18.3	19.2	22.3	−23.1	0.8	−0.1	100.0
1965	61.4	18.4	20.4	21.6	−23.7	1.8	0.1	100.0
1966	60.0	19.4	21.5	22.6	−24.7	1.6	−0.4	100.0
1967	60.7	19.9	20.3	23.7	−24.8	0.4	−0.2	100.0
1968	60.7	19.8	18.9	24.8	−25.3	1.0	0.1	100.0
				(Seasonally adjusted)				
1966 I	60.1	18.8	21.2	22.2	−23.9	1.7	−0.1	100.0
II	59.0	18.9	21.7	22.0	−24.1	2.9	−0.4	100.0
III	60.5	19.9	21.1	23.0	−25.2	1.0	−0.3	100.0
IV	60.4	19.9	22.0	23.1	−25.6	0.9	−0.7	100.0
1967 I	59.8	19.5	21.7	23.8	−24.9	0.3	−0.2	100.0
II	60.2	20.4	21.0	24.1	−25.5	0.2	−0.4	100.0
III	61.2	19.7	19.5	23.2	−24.6	1.1	−0.1	100.0
IV	61.7	20.2	19.0	23.8	−24.3	−0.1	−0.3	100.0
1968 I	61.2	19.7	19.4	24.8	−25.5	0.7	−0.3	100.0
II	60.5	19.8	18.9	25.2	−25.0	0.6	—	100.0
III	61.0	19.8	18.8	24.5	−25.3	1.1	0.1	100.0
IV	60.2	19.9	18.7	24.8	−25.5	1.5	0.4	100.0

(1), (2) See footnotes (1) and (2) on reference table 2.

SOURCE: DBS *The National Accounts.*

REFERENCE TABLE 7

STRUCTURAL CHANGES IN DEMAND
(PER CENT DISTRIBUTION OF GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS BY COMPONENTS)

1947 to 1968

Years and Quarters	Personal Expenditure on Consumer Goods and Services	Government Expenditure on Goods and Services	Business Gross Fixed Capital Formation(1)	Exports of Goods and Services	Imports of Goods and Services	Value of Physical Change in Inventories(2)	Residual Error of Estimate(3)	Gross National Expenditure in Constant (1957) Dollars
1947	65.1	13.5	17.5	24.0	−24.3	2.4	1.8	100.0
1948	62.7	13.6	19.0	23.9	−21.4	0.4	1.8	100.0
1949	63.0	14.7	20.1	22.1	−21.2	0.3	1.0	100.0
1950	62.9	14.5	19.6	20.5	−21.6	2.7	1.4	100.0
1951	60.1	17.1	19.3	21.2	−22.7	3.8	1.2	100.0
1952	59.5	19.8	19.4	21.7	−21.9	2.0	−0.5	100.0
1953	60.5	19.1	20.5	20.7	−22.8	2.4	−0.4	100.0
1954	63.8	19.1	20.0	20.5	−22.3	−0.9	−0.2	100.0
1955	63.1	18.3	19.6	20.3	−23.5	1.6	0.6	100.0
1956	61.8	18.0	22.3	20.1	−25.1	3.4	−0.5	100.0
1957	62.9	17.9	23.0	20.0	−24.5	0.8	−0.1	100.0
1958	64.1	18.9	21.2	19.7	−22.6	−1.0	−0.3	100.0
1959	65.0	18.6	19.6	19.8	−24.1	1.0	0.1	100.0
1960	65.5	18.3	18.2	20.1	−23.4	1.2	0.1	100.0
1961	65.9	18.7	17.5	21.0	−23.2	0.1	0.0	100.0
1962	64.6	18.2	16.7	20.7	−22.2	1.4	0.6	100.0
1963	64.2	17.4	16.8	21.5	−21.7	1.3	0.5	100.0
1964	64.1	17.0	18.2	22.9	−23.0	0.8	0.0	100.0
1965	63.6	16.8	19.0	22.6	−24.2	2.1	0.1	100.0
1966	62.8	17.4	20.2	23.9	−25.8	1.9	−0.4	100.0
1967	63.8	17.7	19.4	25.6	−26.6	0.3	−0.2	100.0
1968	63.6	17.1	18.2	27.4	−27.5	1.1	0.1	100.0
				(Seasonally adjusted)				
1966 I	62.6	16.9	19.9	23.4	−24.8	2.1	−0.1	100.0
II	61.4	17.1	20.4	23.3	−25.1	3.3	−0.4	100.0
III	63.6	17.9	19.8	24.3	−26.4	1.1	−0.3	100.0
IV	63.4	17.9	20.7	24.6	−26.9	1.0	−0.7	100.0
1967 I	63.3	17.2	20.5	25.5	−26.5	0.2	−0.2	100.0
II	63.2	18.3	20.1	25.8	−27.2	0.2	−0.3	100.0
III	64.1	17.4	18.8	25.1	−26.6	1.1	0.1	100.0
IV	64.5	18.0	18.2	25.9	−26.1	−0.2	−0.3	100.0
1968 I	64.2	17.1	18.8	27.1	−27.5	0.6	−0.3	100.0
II	63.4	17.4	18.1	27.7	−27.0	0.6	0.0	100.0
III	64.0	17.0	18.0	27.2	−27.5	1.2	0.1	100.0
IV	63.0	17.1	17.9	27.7	−27.8	1.7	0.4	100.0

(1), (2) See footnotes (1) and (2) on reference table 2.

(3) See footnote (3) on reference table 4.

SOURCE: DBS *The National Accounts.*

REFERENCE TABLE 8

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

1947 to 1968

Years and Quarters	Wages, Salaries and Supplementary Labour Income[1]	Corporation Profits			Rent, Interest and Miscellaneous Investment Income	Accrued Net Income of Farm Operators from Farm Production[3]	Net Income of Non-Farm Unincorporated Business[4]	Inventory Valuation Adjustment	Net National Income at Factor Cost	Indirect Taxes less Subsidies	Capital Consumption Allowances and Miscellaneous Valuation Adjustments	Residual Error of Estimate	Gross National Product at Market Prices
		Corporation Profits Before Taxes	Dividends Paid to Non-Residents[2]	Dividends Paid to Residents and Undistributed Profits									
	(Millions of dollars)												
1947	6,482	1,814	−248	847	591	1,120	1,173	−571	10,361	1,608	1,223	−27	13,165
1948	7,496	1,964	−249	1,006	651	1,378	1,269	−506	12,003	1,765	1,441	−89	15,120
1949	8,115	1,879	−317	821	703	1,248	1,389	−112	12,905	1,808	1,673	−43	16,343
1950	8,766	2,522	−404	1,110	890	1,322	1,439	−374	14,161	2,000	1,913	−68	18,006
1951	10,304	2,825	−370	1,012	1,020	1,933	1,519	−643	16,588	2,469	2,203	−90	21,170
1952	11,478	2,698	−334	953	1,175	1,959	1,572	106	18,654	2,717	2,422	202	23,995
1953	12,419	2,611	−317	1,046	1,329	1,575	1,688	−11	19,294	2,911	2,673	142	25,020
1954	12,799	2,290	−327	855	1,511	1,017	1,656	86	19,032	2,947	2,905	−13	24,871
1955	13,617	2,965	−395	1,269	1,684	1,264	1,791	−189	20,737	3,237	3,266	−108	27,132
1956	15,314	3,345	−437	1,461	1,767	1,450	1,965	−238	23,166	3,636	3,642	141	30,585
1957	16,494	3,056	−475	1,208	1,980	1,026	2,008	−78	24,011	3,861	4,009	28	31,909
1958	17,012	3,075	−470	1,252	2,104	1,200	2,125	−35	25,011	3,882	3,899	102	32,894
1959	17,955	3,504	−501	1,379	2,315	1,121	2,210	−122	26,482	4,259	4,204	−30	34,915
1960	18,754	3,338	−458	1,296	2,470	1,186	2,213	−70	27,433	4,470	4,423	−39	36,287
1961	19,546	3,427	−586	1,189	2,670	1,008	2,274	−89	28,250	4,696	4,540	−15	37,471
1962	20,819	3,819	−584	1,481	2,832	1,496	2,401	−130	30,653	5,293	4,892	−263	40,575
1963	22,145	4,188	−614	1,703	3,078	1,721	2,551	−200	32,869	5,600	5,198	−243	43,424
1964	24,016	4,819	−753	1,969	3,262	1,464	2,720	−131	35,397	6,372	5,600	24	47,393
1965	26,766	5,199	−780	2,150	3,537	1,645	2,877	−325	38,919	7,238	6,110	−64	52,203
1966	30,282	5,145	−804	2,045	3,844	2,204	2,949	−321	43,299	7,950	6,623	232	58,104
1967	33,093	5,020	−798	1,970	4,339	1,698	3,194	−291	46,255	8,705	7,000	149	62,109
1968	35,921	5,847	−841	2,395	4,758	1,796	3,422	−305	50,628	9,521	7,260	−41	67,368
	(Seasonally adjusted at annual rates)												
1966 I	29,232	5,380	−728	2,404	3,708	2,184	2,936	−488	42,224	7,860	6,404	52	56,540
II	29,876	5,236	−768	2,112	3,844	2,244	2,852	−232	43,052	7,912	6,624	264	57,852
III	30,552	4,824	−748	1,796	3,832	2,252	3,000	−340	43,372	8,180	6,696	180	58,428
IV	31,468	5,140	−972	1,868	3,992	2,136	3,008	−224	44,548	7,848	6,768	432	59,596
1967 I	32,252	4,796	−684	1,948	4,012	1,996	2,948	−292	45,028	8,792	7,000	112	60,932
II	32,820	4,900	−804	1,824	4,360	1,856	3,176	−268	46,040	8,688	7,176	244	62,148
III	33,464	5,148	−856	2,024	4,444	1,488	3,336	−228	46,796	8,624	6,980	28	62,428
IV	33,836	5,236	−848	2,084	4,540	1,452	3,316	−376	47,156	8,716	6,844	212	62,928
1968 I	34,472	5,324	−804	2,076	4,580	1,820	3,272	−284	48,380	9,368	7,252	168	65,168
II	35,492	5,656	−940	2,188	4,732	1,592	3,400	−176	49,756	9,296	7,260	16	66,328
III	36,264	5,960	−904	2,400	4,776	1,828	3,480	−284	51,120	9,512	7,272	−80	67,824
IV	37,456	6,568	−716	2,916	4,944	1,944	3,536	−476	53,256	9,908	7,256	−268	70,152

(1) Includes military pay and allowances.

(2) Includes the withholding tax applicable to this item.

(3) Includes an arbitrary smoothing of crop production and seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(4) Includes net income of independent professional practitioners.

SOURCE: DBS *The National Accounts.*

REFERENCE TABLE 9

CHANGES IN THE COMPONENTS OF NATIONAL INCOME AND GROSS NATIONAL PRODUCT

1947 to 1968

Years and Quarters	Wages, Salaries, and Supplementary Labour Income[1]	Corporation Profits			Rent, Interest and Miscellaneous Investment Income	Accrued Net Income of Farm Operators from Farm Production[3]	Net Income of Non-Farm Unincorporated Business[4]	Net National Income at Factor Cost	Indirect Taxes less Subsidies	Capital Consumption Allowances and Miscellaneous Valuation Adjustments	Gross National Product at Market Prices
		Corporation Profits Before Taxes	Dividends Paid to Non-Residents[2]	Dividends Paid to Residents and Undistributed Profits							
	(Per cent change from previous period)										
1947	11.2	23.1	21.0	40.5	1.7	6.1	9.4	8.5	26.6	22.5	11.1
1948	15.6	8.3	0.4	18.8	10.2	23.0	8.2	15.8	9.8	17.8	14.8
1949	8.3	− 4.3	27.3	−18.4	8.0	− 9.4	9.5	7.5	2.4	16.1	8.1
1950	8.0	34.2	27.4	35.2	26.6	5.9	3.6	9.7	10.6	14.3	10.2
1951	17.5	12.0	− 8.4	− 8.8	14.6	46.2	5.6	17.1	23.4	15.2	17.6
1952	11.4	− 4.5	− 9.7	− 5.8	15.2	1.3	3.5	12.5	10.0	9.9	13.3
1953	8.2	− 3.2	− 5.1	9.8	13.1	−19.6	7.4	3.4	7.1	10.4	4.3
1954	3.1	−12.3	3.2	−18.3	13.7	−35.4	− 1.9	− 1.4	1.2	8.7	− 0.6
1955	6.4	29.5	20.8	48.4	11.4	24.3	8.2	9.0	9.8	12.4	9.1
1956	12.5	12.8	10.6	15.1	4.9	14.7	9.7	11.7	12.3	11.5	12.7
1957	7.7	− 8.6	8.7	−17.3	12.1	−29.2	2.2	3.6	6.2	10.1	4.3
1958	3.1	0.6	− 1.1	3.6	6.3	17.0	5.8	4.2	0.5	− 2.7	3.1
1959	5.5	14.0	6.6	10.1	10.0	− 6.6	4.0	5.9	9.7	7.8	6.1
1960	4.5	− 4.7	− 8.6	− 6.0	6.7	5.8	0.1	3.6	5.0	5.2	3.9
1961	4.2	2.7	27.9	− 8.3	8.1	−15.0	2.8	3.0	5.1	2.6	3.3
1962	6.5	11.4	− 0.3	24.6	6.1	48.4	5.6	8.5	12.7	7.8	8.3
1963	6.4	9.7	5.1	15.0	8.7	15.0	6.2	7.2	5.8	6.3	7.0
1964	8.4	15.1	22.6	15.6	6.0	−14.9	6.6	7.7	13.8	7.7	9.1
1965	11.5	7.9	3.6	9.2	8.4	12.4	5.8	9.9	13.6	9.1	10.1
1966	13.1	− 1.0	3.1	− 4.9	8.7	34.0	2.5	11.3	9.8	8.4	11.3
1967	9.3	− 2.4	− 0.7	− 3.7	12.9	−23.0	8.3	6.8	9.5	5.7	6.9
1968	8.5	17.1	5.4	21.6	9.7	5.8	7.1	9.5	9.4	3.7	8.5
	(Seasonally adjusted)										
1966 I	4.7	1.5	− 6.2	9.7	− 1.2	25.5	0.5	4.5	6.2	2.0	4.4
II	2.2	− 2.7	5.5	−12.1	3.7	2.7	− 2.9	2.0	0.7	3.4	2.3
III	2.3	− 7.9	− 2.6	−15.0	− 0.3	0.4	5.2	0.7	3.4	1.1	1.0
IV	3.0	6.6	29.9	4.0	4.2	− 5.2	0.3	2.7	− 4.1	1.1	2.0
1967 I	2.5	− 6.7	−29.6	4.3	0.5	− 6.6	− 2.0	1.1	12.0	3.4	2.2
II	1.8	2.2	17.5	− 6.4	8.7	− 7.0	7.7	2.2	− 1.2	2.5	2.0
III	2.0	5.1	6.5	11.0	1.9	−19.8	5.0	1.6	− 0.7	− 2.7	0.5
IV	1.1	1.7	− 0.9	3.0	2.2	− 2.4	− 0.6	0.8	1.1	− 1.9	0.8
1968 I	1.9	1.7	− 5.2	− 0.4	0.9	25.3	− 1.3	2.6	7.5	6.0	3.6
II	3.0	6.2	16.9	5.4	3.3	−12.5	3.9	2.8	− 0.8	0.1	1.8
III	2.2	5.4	− 3.8	9.7	0.9	14.8	2.4	2.7	2.3	0.2	2.3
IV	3.3	10.2	−20.8	21.5	3.5	6.3	1.6	4.2	4.2	− 0.2	3.4

[1], [2], [3], [4] See footnotes (1), (2), (3) and (4) on reference table 8.

SOURCE: DBS *The National Accounts.*

REFERENCE TABLE 10

STRUCTURAL CHANGES IN INCOME
(PER CENT DISTRIBUTION OF GROSS NATIONAL PRODUCT BY COMPONENTS)
1947 to 1968

Years and Quarters	Wages, Salaries and Supplementary Labour Income[1]	Corporation Profits			Rent, Interest and Miscellaneous Investment Income	Accrued Net Income of Farm Operators from Farm Production[3]	Net Income of Non-Farm Unincorporated Business[4]	Inventory Valuation Adjustment	Net National Income at Factor Cost	Indirect Taxes less Subsidies	Capital Consumption Allowances and Miscellaneous Valuation Adjustments	Residual Error of Estimate	Gross National Product at Market Prices
		Corporation Profits Before Taxes	Dividends Paid to Non-Residents[2]	Dividends Paid to Residents and Undistributed Profits									
1947	49.2	13.8	−1.9	6.4	4.5	8.5	8.9	−4.3	78.7	12.2	9.3	−0.2	100.0
1948	49.6	13.0	−1.6	6.7	4.3	9.1	8.4	−3.4	79.4	11.7	9.5	−0.6	100.0
1949	49.7	11.5	−1.9	5.0	4.3	7.6	8.5	−0.7	79.0	11.1	10.2	−0.3	100.0
1950	48.7	14.0	−2.2	6.2	4.9	7.4	8.0	−2.1	78.7	11.1	10.6	−0.4	100.0
1951	48.7	13.3	−1.8	4.8	4.8	9.1	7.2	−3.0	78.3	11.7	10.4	−0.4	100.0
1952	47.8	11.2	−1.4	4.0	4.9	8.2	6.6	0.4	77.7	11.3	10.1	0.9	100.0
1953	49.6	10.4	−1.3	4.2	5.3	6.3	6.8	0.0	77.1	11.6	10.7	0.6	100.0
1954	51.5	9.2	−1.3	3.4	6.0	4.1	6.7	0.3	76.5	11.9	11.7	−0.1	100.0
1955	50.2	10.9	−1.5	4.7	6.2	4.7	6.6	−0.7	76.4	11.9	12.1	−0.4	100.0
1956	50.1	10.9	−1.4	4.8	5.8	4.7	6.4	−0.8	75.7	11.9	11.9	0.5	100.0
1957	51.6	9.6	−1.5	3.8	6.2	3.2	6.3	−0.2	75.2	12.1	12.6	0.1	100.0
1958	51.7	9.3	−1.4	3.8	6.4	3.6	6.5	−0.1	76.0	11.8	11.9	0.3	100.0
1959	51.4	10.0	−1.4	3.9	6.6	3.2	6.3	−0.3	75.8	12.2	12.1	−0.1	100.0
1960	51.7	9.2	−1.3	3.6	6.8	3.3	6.1	−0.2	75.6	12.3	12.2	−0.1	100.0
1961	52.2	9.1	−1.6	3.2	7.1	2.7	6.1	−0.2	75.4	12.5	12.1	0.0	100.0
1962	51.3	9.4	−1.4	3.7	7.0	3.7	5.9	−0.3	75.6	13.0	12.0	−0.6	100.0
1963	51.0	9.6	−1.4	3.9	7.1	4.0	5.9	−0.5	75.7	12.9	12.0	−0.6	100.0
1964	50.7	10.2	−1.6	4.2	6.9	3.1	5.7	−0.3	74.7	13.4	11.8	0.1	100.0
1965	51.3	10.0	−1.5	4.1	6.8	3.1	5.5	−0.6	74.6	13.8	11.7	−0.1	100.0
1966	52.1	8.9	−1.4	3.5	6.6	3.8	5.1	−0.6	74.5	13.7	11.4	0.4	100.0
1967	53.3	8.1	−1.3	3.2	7.0	2.7	5.2	−0.5	74.5	14.0	11.3	0.2	100.0
1968	53.3	8.7	−1.2	3.6	7.1	2.7	5.1	−0.5	75.2	14.1	10.8	−0.1	100.0
	(Seasonally adjusted)												
1966 I	51.7	9.5	−1.3	4.3	6.6	3.9	5.2	−0.9	74.7	13.9	11.3	0.1	100.0
II	51.6	9.1	−1.3	3.7	6.6	3.9	4.9	−0.4	74.4	13.7	11.4	0.5	100.0
III	52.3	8.3	−1.3	3.1	6.6	3.8	5.1	−0.6	74.2	14.0	11.5	0.3	100.0
IV	52.8	8.6	−1.6	3.1	6.7	3.6	5.0	−0.4	74.7	13.2	11.4	0.7	100.0
1967 I	52.9	7.9	−1.1	3.2	6.6	3.3	4.8	−0.5	73.9	14.4	11.5	0.2	100.0
II	52.8	7.9	−1.3	2.9	7.0	3.0	5.1	−0.4	74.1	14.0	11.5	0.4	100.0
III	53.6	8.3	−1.4	3.2	7.1	2.4	5.4	−0.4	75.0	13.8	11.2	0.0	100.0
IV	53.8	8.3	−1.4	3.3	7.2	2.3	5.3	−0.6	74.9	13.9	10.9	0.3	100.0
1968 I	52.9	8.2	−1.2	3.2	7.0	2.8	5.0	−0.5	74.2	14.4	11.1	0.3	100.0
II	53.5	8.5	−1.4	3.3	7.1	2.4	5.1	−0.2	75.0	14.0	11.0	0.0	100.0
III	53.5	8.8	−1.3	3.5	7.0	2.7	5.1	−0.4	75.4	14.0	10.7	−0.1	100.0
IV	53.4	9.4	−1.0	4.2	7.0	2.8	5.0	−0.7	75.9	14.1	10.4	−0.4	100.0

[1], [2], [3], [4] See footnotes (1), (2), (3) and (4) on reference table 8.

SOURCE: DBS *The National Accounts.*

REFERENCE TABLE 11

PERSONAL INCOME AND EXPENDITURE

1947 to 1968

Years and Quarters	Total Wages and Salaries(1)	Supplementary Labour Income	Employer and Employee Contributions to Social Insurance and Government Pension Funds	Net Income of Farm Operators from Farm Production(2)	Net Income of Non-Farm Unincorporated Business(3)	Interest, Dividends and Net Rental Income of Persons(4)	Transfer Payments (Excluding Interest)
	(Millions of dollars)						
1947	6,269	213	−181	1,086	1,173	959	856
1948	7,243	253	−224	1,478	1,269	998	884
1949	7,823	292	−239	1,359	1,389	1,043	971
1950	8,442	324	−256	1,156	1,439	1,268	1,055
1951	9,925	379	−336	1,945	1,519	1,333	1,059
1952	11,057	431	−375	1,916	1,572	1,418	1,386
1953	11,966	468	−410	1,599	1,688	1,551	1,489
1954	12,325	494	−422	1,009	1,656	1,719	1,660
1955	13,079	538	−476	1,200	1,791	1,840	1,766
1956	14,697	617	−532	1,430	1,965	1,908	1,800
1957	15,811	683	−590	1,026	2,008	2,141	2,112
1958	16,285	727	−615	1,201	2,125	2,277	2,675
1959	17,512	743	−652	1,126	2,210	2,599	2,798
1960	17,960	794	−751	1,177	2,213	2,882	3,160
1961	18,726	820	−787	978	2,274	3,030	3,481
1962	19,976	843	−812	1,490	2,401	3,305	3,769
1963	21,272	873	−852	1,582	2,551	3,616	3,892
1964	23,090	926	−912	1,353	2,720	3,799	4,177
1965	25,649	1,117	−1,027	1,689	2,877	4,139	4,618
1966	28,746	1,536	−1,843	2,048	2,949	4,536	5,091
1967	31,441	1,648	−2,031	1,785	3,194	4,894	6,267
1968	34,103	1,818	−2,298	2,022	3,422	5,315	7,242
	(Seasonally adjusted at annual rates)						
1966 I	27,829	1,401	−1,548	2,044	2,936	4,420	4,804
II	28,330	1,546	−1,872	2,080	2,852	4,484	4,972
III	28,972	1,580	−1,964	2,056	3,000	4,568	5,200
IV	29,853	1,616	−1,988	2,012	3,008	4,672	5,388
1967 I	30,669	1,582	−1,972	2,136	2,948	4,748	5,928
II	31,183	1,638	−2,028	1,732	3,176	4,848	6,280
III	31,784	1,680	−2,132	1,620	3,336	4,924	6,244
IV	32,128	1,693	−1,992	1,652	3,316	5,056	6,616
1968 I	32,756	1,717	−2,204	2,048	3,272	5,140	6,684
II	33,719	1,772	−2,208	1,808	3,400	5,312	7,220
III	34,402	1,862	−2,272	2,060	3,480	5,384	7,452
IV	35,533	1,922	−2,508	2,172	3,536	5,424	7,612

REFERENCE TABLE 11 (Continued)

PERSONAL INCOME AND EXPENDITURE

1947 to 1968

Years and Quarters	Personal Direct Taxes	Personal Disposable Income(5)	Personal Expenditure on Consumer Goods and Services	Personal Net Saving	Ratio of Personal Net Saving to Personal Disposable Income(6)	Personal Disposable Income Per Capita(7)	Personal Expenditure on Consumer Goods and Services Per Capita(7)
	(Millions of dollars)						
1947	−791	9,584	9,090	494	5.2	764	724
1948	−822	11,079	10,085	994	9.0	864	786
1949	−789	11,849	10,923	926	7.8	881	812
1950	−740	12,688	12,026	662	5.2	925	877
1951	−1,030	14,794	13,460	1,334	9.0	1,056	961
1952	−1,323	16,072	14,781	1,291	8.0	1,112	1,022
1953	−1,432	16,904	15,592	1,312	7.8	1,139	1,050
1954	−1,437	16,984	16,175	809	4.8	1,111	1,058
1955	−1,499	18,239	17,389	850	4.7	1,162	1,108
1956	−1,732	20,153	18,833	1,320	6.5	1,253	1,171
1957	−1,917	21,274	20,072	1,202	5.7	1,281	1,208
1958	−1,795	22,880	21,245	1,635	7.1	1,340	1,244
1959	−2,088	23,948	22,591	1,357	5.7	1,370	1,292
1960	−2,360	25,075	23,540	1,535	6.1	1,403	1,317
1961	−2,511	26,011	24,466	1,545	5.9	1,426	1,341
1962	−2,729	28,243	25,926	2,317	8.2	1,520	1,395
1963	−2,916	30,018	27,487	2,531	8.4	1,586	1,452
1964	−3,428	31,725	29,666	2,059	6.5	1,645	1,538
1965	−3,913	35,149	32,061	3,088	8.8	1,789	1,632
1966	−4,484	38,579	34,848	3,731	9.7	1,928	1,741
1967	−5,493	41,709	37,714	3,995	9.6	2,044	1,848
1968	−6,660	44,964	40,916	4,048	9.0	2,168	1,972
	(Seasonally adjusted at annual rates)						
1966 I	−4,256	37,632	33,956	3,676	9.8	1,887	1,703
II	−4,208	38,184	34,116	4,068	10.7	1,904	1,702
III	−4,604	38,808	35,332	3,476	9.0	1,925	1,753
IV	−4,868	39,692	35,988	3,704	9.3	1,960	1,777
1967 I	−5,532	40,508	36,444	4,064	10.0	1,992	1,792
II	−4,980	41,848	37,388	4,460	10.7	2,047	1,829
III	−5,540	41,916	38,192	3,724	8.9	2,040	1,859
IV	−5,920	42,564	38,832	3,732	8.8	2,063	1,882
1968 I	−6,412	43,000	39,872	3,128	7.3	2,077	1,926
II	−6,236	44,788	40,164	4,624	10.3	2,156	1,934
III	−6,716	45,652	41,380	4,272	9.4	2,189	1,984
IV	−7,276	46,416	42,248	4,168	9.0	2,217	2,018

NOTE: The sum of "total wages and salaries" and "supplementary labour income" above may not agree with its counterpart in reference table 8 due to different estimating procedures. Columns do not cross-add for this reason.

(1)Includes military pay and allowances.

(2)This item differs from "accrued net income of farm operators from farm production" (see reference table 8) by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(3)Includes net income of independent professional practitioners.

(4)Includes all government debt interest paid to persons.

(5)Personal income less total personal direct taxes.

(6)Expressed as a percentage.

(7)Expressed in dollars.

SOURCE: DBS *The National Accounts.*
DBS *Estimates of Labour Income,* Monthly, Cat. 72-005.

REFERENCE TABLE 12

PERSONAL EXPENDITURE ON CONSUMER GOODS AND SERVICES

1947 to 1968

Years	Food	Tobacco and Alcoholic Beverages	Clothing and Personal Furnishings	Shelter	Household Operation	Transportation	Personal and Medical Care and Death Expenses	Miscellaneous[1]	Total	of which: Durables	Non-Durables	Services[2]
	(Millions of dollars)											
1947	2,442	776	1,295	963	1,215	824	545	1,030	9,090	841	5,490	2,759
1948	2,823	831	1,440	1,066	1,337	898	615	1,075	10,085	934	6,179	2,972
1949	2,887	883	1,497	1,200	1,416	1,109	691	1,240	10,923	1,146	6,409	3,368
1950	3,140	928	1,528	1,385	1,544	1,355	745	1,401	12,026	1,451	6,853	3,722
1951	3,619	975	1,660	1,586	1,669	1,381	839	1,731	13,460	1,490	7,773	4,197
1952	3,804	1,081	1,803	1,778	1,875	1,599	936	1,905	14,781	1,780	8,234	4,767
1953	3,884	1,101	1,844	1,972	1,999	1,775	1,012	2,005	15,592	2,001	8,407	5,184
1954	4,030	1,114	1,826	2,192	2,104	1,800	1,091	2,018	16,175	1,970	8,608	5,597
1955	4,236	1,181	1,900	2,454	2,272	2,023	1,166	2,157	17,389	2,245	9,065	6,079
1956	4,571	1,278	2,037	2,621	2,509	2,211	1,316	2,290	18,833	2,431	9,736	6,666
1957	4,951	1,370	2,098	2,906	2,593	2,346	1,437	2,371	20,072	2,430	10,402	7,240
1958	5,236	1,441	2,179	3,154	2,701	2,511	1,611	2,412	21,245	2,499	10,878	7,868
1959	5,465	1,552	2,267	3,442	2,873	2,723	1,769	2,500	22,591	2,678	11,373	8,540
1960	5,713	1,606	2,355	3,621	2,919	2,807	1,925	2,594	23,540	2,664	11,813	9,063
1961	5,829	1,683	2,432	3,812	3,032	2,872	2,045	2,761	24,466	2,716	12,178	9,572
1962	6,123	1,782	2,526	3,996	3,202	3,160	2,204	2,933	25,926	2,960	12,965	10,001
1963	6,414	1,840	2,643	4,323	3,352	3,430	2,396	3,089	27,487	3,246	13,518	10,723
1964	6,724	1,911	2,803	4,595	3,576	3,730	2,613	3,714	29,666	3,592	14,389	11,685
1965	7,114	2,079	2,972	4,907	3,836	4,120	2,841	4,192	32,061	4,001	15,438	12,622
1966	7,620	2,225	3,141	5,323	4,170	4,262	3,078	5,029	34,848	4,169	16,930	13,749
1967	8,073	2,431	3,365	5,790	4,522	4,549	3,381	5,603	37,714	4,365	18,488	14,861
1968	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	40,916	4,805	19,695	16,416

[1]Includes motion picture theatres (excluding amusement taxes), newspapers and magazines, net expenditure abroad, and other.
[2]Includes net expenditure abroad.

SOURCE: DBS *The National Accounts*.

REFERENCE TABLE 13

VALUE OF RETAIL TRADE, CANADA AND BY REGION

1947 to 1969

Years and Months	Canada	Atlantic Region	Quebec	Ontario	Prairie Region	British Columbia
	(Millions of dollars)					
1947	6,963.4[1]	563.6[1]	1,621.1	2,721.1	1,320.8	736.9
1948	7,835.0[1]	607.3[1]	1,792.0	3,067.2	1,550.7	817.8
1949	8,532.0	734.2	1,872.0	3,293.6	1,758.1	874.1
1950	9,617.2	822.2	2,183.0	3,715.4	1,914.4	982.1
1951	10,693.1	898.5	2,442.6	4,129.8	2,122.3	1,099.8
1952	11,567.2	970.7	2,657.8	4,409.2	2,339.9	1,189.6
1953	12,189.4	1,004.4	2,793.1	4,665.6	2,485.3	1,241.0
1954	12,317.2	1,023.6	2,867.7	4,761.7	2,390.6	1,273.6
1955	13,472.8	1,124.7	3,109.3	5,295.7	2,496.1	1,447.0
1956	14,773.7	1,208.6	3,463.0	5,734.3	2,727.8	1,640.0
1957	15,423.3	1,233.0	3,709.6	5,943.1	2,854.5	1,683.2
1958	16,139.1	1,286.7	3,854.4	6,271.1	3,021.3	1,705.5
1959	17,087.1	1,356.5	4,114.2	6,614.9	3,208.1	1,793.4
1960	17,390.5	1,421.0	4,213.1	6,750.7	3,250.3	1,755.3
1961	17,752.3	1,455.6	4,490.1	6,808.0	3,238.1	1,760.5
1961[2]	16,073.0	1,380.5	4,108.0	6,206.7	2,773.6	1,604.2
1962	17,093.8	1,424.8	4,482.8	6,504.4	2,945.2	1,736.7
1963	18,115.7	1,502.2	4,764.0	6,903.1	3,096.1	1,850.3
1964	19,350.9	1,602.0	5,108.2	7,299.4	3,301.8	2,039.6
1965	20,954.0	1,743.0	5,515.3	7,950.7	3,503.4	2,241.7
1966p	22,415.9	1,840.2	5,857.1	8,496.9	3,800.5	2,421.1
1967p	23,785.2	1,938.9	6,270.7	8,941.3	4,053.5	2,580.8
1968p	25,411.9	2,103.4	6,459.9	9,806.6	4,245.5	2,796.5
	(Seasonally adjusted)					
1968 J	2,094.8	171.0	534.4	797.3	354.8	223.8
F	1,946.4	170.2	517.6	761.6	348.8	220.7
M	2,037.1	165.5	524.4	772.3	355.7	224.9
A	2,047.9	165.7	531.3	776.3	328.0	215.5
M	2,060.5	171.5	541.3	779.2	346.3	229.5
J	2,101.2	174.2	532.5	804.1	352.4	231.9
J	2,173.9	180.0	541.1	839.9	359.3	235.5
A	2,128.4	179.8	540.5	835.3	360.0	243.3
S	2,172.3	180.6	530.9	849.7	349.7	239.1
O	2,156.5	178.4	540.7	850.8	355.6	242.9
N	2,205.2	182.7	548.0	861.7	371.1	244.0
D	2,206.5	178.7	558.5	852.5	357.2	238.0
1969 J	2,213.3	181.9	549.1	879.4	356.6	239.0
F	2,260.2	185.5	569.9	885.9	378.2	246.8

NOTE: Figures may not cross-add due to rounding.

[1]Excludes Newfoundland.

[2]Break in series is due to changes in the Standard Industrial Classification.

p=preliminary.

SOURCE: DBS *Retail Trade*, Monthly, Cat. 63-005.

REFERENCE TABLE 14

PRIVATE AND PUBLIC INVESTMENT IN CANADA

1947 to 1969

(Millions of dollars)

Years	Capital Expenditures			Repair Expenditures	Total	Capital Expenditures			Repair Expenditures	Total
	Construction	Machinery and Equipment	Sub-Total			Construction	Machinery and Equipment	Sub-Total		
	Primary and Construction Industries					Manufacturing				
1947	87	317	404	195	599	185	343	528	273	801
1948	127	382	509	218	727	181	392	573	329	902
1949	159	461	620	263	883	157	379	536	339	875
1950	173	528	701	292	993	135	367	502	347	849
1951	212	601	813	311	1,124	268	525	793	422	1,215
1952	248	631	879	360	1,239	344	629	973	459	1,432
1953	287	648	935	375	1,310	325	644	969	480	1,449
1954	309	512	821	368	1,189	288	534	822	489	1,311
1955	387	612	999	411	1,410	345	602	947	513	1,460
1956	534	772	1,306	475	1,781	488	906	1,394	578	1,972
1957	544	702	1,246	461	1,707	520	959	1,479	613	2,092
1958	378	619	997	468	1,465	398	697	1,095	572	1,667
1959	396	678	1,074	517	1,591	374	770	1,144	662	1,806
1960	451	683	1,134	522	1,656	335	843	1,178	671	1,849
1961	572	639	1,211	512	1,723	279	806	1,085	682	1,767
1962	568	738	1,306	536	1,842	353	916	1,269	750	2,019
1963	599	879	1,478	586	2,064	355	1,003	1,358	801	2,159
1964	702	1,051	1,753	660	2,413	443	1,388	1,831	896	2,727
1965	869	1,151	2,020	724	2,744	604	1,736	2,340	974	3,314
1966	1,066	1,348	2,414	796	3,210	788	2,126	2,914	1,096	4,010
1967	1,069	1,427	2,496	854	3,350	677	1,857	2,534	1,156	3,690
1968	1,053	1,344	2,397	887	3,284	584	1,634	2,218	1,159	3,377
1969	1,067	1,338	2,405	923	3,328	619	1,921	2,540	1,202	3,742
	Utilities					Trade, Finance and Commercial Services				
1947	174	236	410	373	783	112	90	202	96	298
1948	282	284	566	438	1,004	159	122	281	101	382
1949	376	313	689	465	1,154	142	151	293	120	413
1950	437	322	759	483	1,242	207	192	399	128	527
1951	497	442	939	545	1,484	201	210	411	160	571
1952	701	493	1,194	598	1,792	160	183	343	125	468
1953	692	562	1,254	635	1,889	283	243	526	135	661
1954	610	554	1,164	606	1,770	319	263	582	133	715
1955	649	487	1,136	600	1,736	296	265	561	130	691
1956	1,086	676	1,762	640	2,402	327	284	611	138	749
1957	1,475	833	2,308	677	2,985	383	307	690	146	836
1958	1,405	748	2,153	650	2,803	396	309	705	146	851
1959	1,118	724	1,842	703	2,545	462	371	833	168	1,001
1960	1,074	698	1,772	713	2,485	466	409	875	168	1,043
1961	1,088	610	1,698	723	2,421	451	396	847	162	1,009
1962	982	619	1,601	734	2,335	438	422	860	164	1,024
1963	1,111	660	1,771	774	2,545	468	450	918	183	1,101
1964	1,332	727	2,059	822	2,881	548	494	1,042	195	1,237
1965	1,443	980	2,423	867	3,290	705	564	1,269	220	1,489
1966	1,666	1,260	2,926	945	3,871	860	667	1,527	248	1,775
1967	1,748	1,397	3,145	1,019	4,164	764	770	1,534	272	1,806
1968	1,856	1,412	3,268	983	4,251	707	742	1,449	262	1,711
1969	1,977	1,489	3,466	1,048	4,514	850	833	1,683	276	1,959

REFERENCE TABLE 14 (Continued)

PRIVATE AND PUBLIC INVESTMENT IN CANADA
1947 to 1969
(Millions of dollars)

Years	Capital Expenditures			Repair Expenditures	Total	Capital Expenditures			Repair Expenditures	Total
	Construction	Machinery and Equipment	Sub-Total			Construction	Machinery and Equipment	Sub-Total		
	Institutions					Housing				
1947	78	13	91	23	114	526	—	526	155	681
1948	126	22	148	37	185	635	—	635	189	824
1949	172	23	195	35	230	822	—	822	206	1,028
1950	187	26	213	34	247	923	—	923	226	1,149
1951	212	30	242	40	282	947	—	947	270	1,217
1952	252	33	285	40	325	971	—	971	287	1,258
1953	270	33	303	42	345	1,189	—	1,189	304	1,493
1954	297	41	338	42	380	1,238	—	1,238	316	1,554
1955	367	41	408	49	457	1,397	—	1,397	338	1,735
1956	359	43	402	52	454	1,547	—	1,547	355	1,902
1957	407	47	454	56	510	1,430	—	1,430	383	1,813
1958	457	57	514	57	571	1,782	—	1,782	407	2,189
1959	479	57	536	59	595	1,752	—	1,752	431	2,183
1960	500	73	573	71	644	1,456	—	1,456	457	1,913
1961	536	81	617	78	695	1,467	—	1,467	484	1,951
1962	729	105	834	76	910	1,587	—	1,587	513	2,100
1963	757	116	873	75	948	1,713	—	1,713	544	2,257
1964	648	123	771	79	850	2,028	—	2,028	577	2,605
1965	867	145	1,012	82	1,094	2,133	—	2,133	618	2,751
1966	1,020	184	1,204	93	1,297	2,181	—	2,181	661	2,842
1967	1,107	208	1,315	113	1,428	2,352	—	2,352	713	3,065
1968	1,201	214	1,415	121	1,536	2,844	—	2,844	729	3,573
1969	1,287	233	1,520	132	1,652	3,200	—	3,200	772	3,972
	Government Departments					Grand Total				
1947	235	44	279	145	424	1,397	1,043	2,440	1,260	3,700
1948	314	61	375	158	533	1,824	1,263	3,087	1,470	4,557
1949	338	46	384	146	530	2,166	1,373	3,539	1,574	5,113
1950	391	48	439	185	624	2,453	1,483	3,936	1,695	5,631
1951	534	60	594	220	814	2,871	1,868	4,739	1,968	6,707
1952	758	88	846	216	1,062	3,434	2,057	5,491	2,085	7,576
1953	710	90	800	235	1,035	3,756	2,220	5,976	2,206	8,182
1954	676	80	756	268	1,024	3,737	1,984	5,721	2,222	7,943
1955	728	68	796	268	1,064	4,169	2,075	6,244	2,309	8,553
1956	932	80	1,012	282	1,294	5,273	2,761	8,034	2,520	10,554
1957	1,025	85	1,110	288	1,398	5,784	2,933	8,717	2,624	11,341
1958	1,014	104	1,118	314	1,432	5,830	2,534	8,364	2,614	10,978
1959	1,128	108	1,236	341	1,577	5,709	2,708	8,417	2,881	11,298
1960	1,171	103	1,274	383	1,657	5,453	2,809	8,262	2,985	11,247
1961	1,125	122	1,247	380	1,627	5,518	2,654	8,172	3,021	11,193
1962	1,130	128	1,258	388	1,646	5,787	2,928	8,715	3,161	11,876
1963	1,154	128	1,282	393	1,675	6,157	3,236	9,393	3,356	12,749
1964	1,303	157	1,460	402	1,862	7,004	3,940	10,944	3,631	14,575
1965	1,494	174	1,668	442	2,110	8,115	4,750	12,865	3,927	16,792
1966	1,702	222	1,924	526	2,450	9,283	5,807	15,090	4,365	19,455
1967	1,731	215	1,946	573	2,519	9,448	5,874	15,322	4,700	20,022
1968	1,891	196	2,087	526	2,613	10,136	5,542	15,678	4,667	20,345
1969	2,034	198	2,232	550	2,782	11,034	6,012	17,046	4,903	21,949

NOTE: 1968 figures are preliminary actual and 1969 figures are intentions.

SOURCE: DBS and Department of Trade and Commerce *Private and Public Investment in Canada*, Occasional, Cat. 61-504, Annual, Cat. 61-205.

REFERENCE TABLE 15

PRIVATE AND PUBLIC INVESTMENT BY REGION

1952 to 1969

Years	Newfoundland	Prince Edward Island	Nova Scotia	New Brunswick	Atlantic Region	Quebec
	(Millions of dollars)					
1952	86	17	133	104	340	1,283
1953	80	18	157	108	363	1,374
1954	73	19	156	119	367	1,362
1955	89	21	164	168	442	1,546
1956	94	24	183	186	487	1,851
1957	100	22	188	159	469	2,029
1958	107	30	185	182	504	2,054
1959	115	37	226	203	581	2,094
1960	146	37	234	180	597	2,007
1961	184	38	224	171	617	2,008
1962	261	43	223	179	706	2,154
1963	236	43	234	189	702	2,301
1964	231	39	270	257	797	2,828
1965	228	57	318	334	937	3,206
1966	341	57	412	391	1,201	3,446
1967	359	45	463	377	1,244	3,214
1968	414	44	498	333	1,289	3,301
1969	437	38	556	403	1,434	3,408

	Ontario	Manitoba	Saskatchewan	Alberta	Prairie Region	British Columbia[1]
	(Millions of dollars)					
1952	1,899	242	313	602	1,157	604
1953	2,106	286	357	730	1,373	626
1954	2,089	270	377	627	1,274	533
1955	2,271	301	349	735	1,385	707
1956	2,842	364	485	901	1,750	1,089
1957	3,266	371	455	834	1,660	1,293
1958	3,104	409	477	890	1,776	925
1959	2,900	484	467	947	1,898	944
1960	2,856	487	474	946	1,907	895
1961	2,794	417	454	981	1,852	901
1962	3,054	424	513	937	1,874	927
1963	3,282	491	603	995	2,089	1,019
1964	3,747	528	648	1,100	2,276	1,296
1965	4,379	537	773	1,320	2,630	1,713
1966	5,261	656	928	1,564	3,148	2,034
1967	5,357	719	964	1,675	3,358	2,149
1968	5,522	808	982	1,742	3,532	2,034
1969	6,379	861	902	1,890	3,653	2,172

NOTE: 1968 figures are preliminary actual and 1969 figures are intentions.

[1]Includes Yukon and Northwest Territories.

SOURCE: DBS and Department of Trade and Commerce *Private and Public Investment in Canada.*

REFERENCE TABLE 16

CHANGES IN PRIVATE AND PUBLIC INVESTMENT, CANADA AND BY REGION

1953 to 1969

Years	Canada	Atlantic Region	Quebec	Ontario	Prairie Region	British Columbia[1]
	(Per cent change from previous year)					
1953	10.6	6.8	7.1	10.9	18.7	3.6
1954	−3.7	1.1	−0.9	−0.8	−7.2	−14.9
1955	12.9	20.4	13.5	8.7	8.7	32.6
1956	26.3	10.2	19.7	25.1	26.4	54.0
1957	8.7	−3.7	9.6	14.9	−5.1	18.7
1958	−4.1	7.5	1.2	−5.0	7.0	−28.5
1959	0.6	15.3	1.9	−6.6	6.9	2.1
1960	−1.8	2.8	−4.2	−1.5	0.5	−5.2
1961	−1.1	3.4	0.0	−2.2	−2.9	0.7
1962	6.6	14.4	7.3	9.3	1.2	2.9
1963	7.8	−0.6	6.8	7.5	11.5	9.9
1964	16.5	13.5	22.9	14.2	9.0	27.2
1965	17.6	17.6	13.4	16.9	15.6	32.2
1966	17.3	28.2	7.5	20.1	19.7	18.7
1967	1.5	3.6	−6.7	1.8	6.7	5.7
1968	2.3	3.6	2.7	3.1	5.2	−5.4
1969	8.7	11.2	3.2	15.5	3.4	6.8

NOTE: 1968 figures are preliminary actual and 1969 figures are intentions.

[1]See footnote (1) on reference table 15.

SOURCE: DBS and Department of Trade and Commerce *Private and Public Investment in Canada.*

REFERENCE TABLE 17

PRIVATE AND PUBLIC CAPITAL EXPENDITURE
RECONCILIATION WITH NATIONAL ACCOUNTS INVESTMENT

1947 to 1968

Years	Private and Public Capital Expenditure—reference table 14	Deduct: New Residential Construction by Governments	Deduct: New Non-Residential Construction by Governments	Deduct: New Machinery and Equipment Outlays by Governments	Business Gross Fixed Capital Formation—National Accounts Definition, reference table 2
	(Millions of dollars)				
1947	2,440	32	274	49	2,085
1948	3,087	26	373	69	2,619
1949	3,539	28	424	55	3,032
1950	3,936	40	488	60	3,348
1951	4,739	52	654	74	3,959
1952	5,491	38	897	105	4,451
1953	5,976	23	848	107	4,998
1954	5,721	11	828	103	4,779
1955	6,244	19	924	91	5,210
1956	8,034	21	1,137	102	6,774
1957	8,717	21	1,251	110	7,335
1958	8,364	19	1,237	133	6,975
1959	8,417	18	1,368	137	6,894
1960	8,262	13	1,420	137	6,692
1961	8,172	9	1,368	160	6,635
1962	8,715	10	1,562	183	6,960
1963	9,393	6	1,609	187	7,591
1964	10,944	7	1,618	216	9,103
1965	12,865	9	1,958	247	10,651
1966	15,090	10	2,252	335	12,493
1967	15,322	15	2,380	318	12,609
1968	15,678	13	2,609	303	12,753

SOURCE: DBS and Department of Trade and Commerce *Private and Public Investment in Canada.*
DBS *The National Accounts.*

REFERENCE TABLE 18

DWELLING STARTS, COMPLETIONS AND UNDER CONSTRUCTION

1947 to 1968

Years and Quarters	Starts			Completions			Under Construction[1]	
	Centres of 5,000 Population and Over[2]	Other Areas	Total	Centres of 5,000 Population and Over[2]	Other Areas	Total	Centres of 5,000 Population and Over[2]	Total
	(Number of units)							
1947	n.a.	n.a.	74,300	44,600	27,600	72,200	n.a.	42,200
1948	57,671	32,523	90,194	48,006	28,091	76,097	39,217	56,456
1949	58,370	32,139	90,509	60,262	27,971	88,233	37,344	59,503
1950	68,599	23,932	92,531	62,847	26,168	89,015	41,510	60,538
1951	47,374	21,205	68,579	61,167	20,143	81,310	26,783	45,926
1952	63,443	19,803	83,246	54,346	18,741	73,087	36,998	55,689
1953	80,313	22,096	102,409	73,375	23,464	96,839	42,808	59,923
1954	89,755	23,772	113,527	80,593	21,372	101,965	51,302	68,641
1955	97,386	40,890	138,276	93,942	33,987	127,929	53,677	79,339
1956	87,309	40,002	127,311	95,152	40,548	135,700	44,386	68,579
1957	84,875	37,465	122,340	80,995	36,288	117,283	49,508	72,573
1958	121,695	42,937	164,632	107,839	38,847	146,686	63,080	88,162
1959	105,991	35,354	141,345	108,059	37,612	145,671	59,879	81,905
1960	76,687	32,171	108,858	90,513	33,244	123,757	44,975	65,773
1961	92,741	32,836	125,577	83,148	32,460	115,608	53,195	73,583
1962	104,279	25,816	130,095	100,447	26,235	126,682	60,541	76,153
1963	120,950	27,674	148,624	101,529	26,662	128,191	79,233	96,613
1964	136,206	29,452	165,658	123,902	27,061	150,963	89,950	107,718
1965	138,779	27,786	166,565	125,475	27,562	153,037	101,786	119,854
1966	108,434	26,040	134,474	135,134	27,058	162,192	71,722	88,621
1967	131,858	32,265	164,123	120,163	29,079	149,242	82,616	102,716
1968	162,267	34,611	196,878	136,337	34,656	170,993	106,834	126,638
	(Seasonally adjusted at annual rates)							
1966 I	119,900	31,300	152,600	141,600	24,900	168,300	95,800	119,000
II	108,700	26,500	134,800	135,500	34,700	168,900	78,500	96,200
III	105,300	25,800	130,900	144,000	25,000	167,700	67,700	85,200
IV	101,000	24,400	125,100	123,400	27,100	147,600	66,100	84,100
1967 I	113,800	24,800	138,300	109,500	24,800	133,200	65,600	84,600
II	137,600	34,400	172,200	112,700	26,800	138,600	75,000	94,100
III	136,400	32,900	169,300	126,100	29,700	155,900	82,100	102,000
IV	128,600	32,200	161,800	133,400	33,400	167,100	76,900	97,800
1968 I	167,700	36,500	201,800	130,600	35,300	164,200	83,500	105,900
II	155,200	35,000	189,100	127,600	34,200	162,400	93,200	112,900
III	140,200	33,900	173,800	138,900	36,100	174,600	94,000	112,900
IV	197,700	34,500	231,100	150,100	33,200	182,000	100,000	120,800

[1]At end of period.

[2]Data for years 1967 and 1968 and all quarters are based on areas of 10,000 population and over.

SOURCE: CMHC *Canadian Housing Statistics.*

REFERENCE TABLE 19

DWELLING STARTS AND COMPLETIONS, BY TYPE

1947 to 1968

Years and Quarters	Starts					Completions				
	Single Detached	Semi-Detached and Duplex	Row	Apart-ment	Total	Single Detached	Semi-Detached and Duplex	Row	Apart-ment	Total
	(Number of units)									
1947	n.a.	n.a.	n.a.	n.a.	74,263	n.a.	n.a.	n.a.	n.a.	72,218
1948	73,399	7,488	1,810	7,497	90,194	61,787	4,560	1,607	8,143	76,097
1949	71,425	7,536	—	11,548	90,509	68,966	7,309	485	11,473	88,233
1950	68,675	8,664	631	14,561	92,531	68,685	7,376	145	12,809	89,015
1951	53,002	5,658	54	9,865	68,579	60,366	7,568	585	12,791	81,310
1952	60,696	5,360	299	16,891	83,246	55,967	5,314	99	11,707	73.087
1953	70,782	7,202	553	23,872	102,409	68,916	7,714	372	19,837	96,839
1954	78,574	6,498	1,000	27,455	113,527	71,760	6,098	1,065	23,042	101,965
1955	99,003	10,606	1,909	26,758	138,276	90,553	8,278	1,547	27,551	127,929
1956	90,620	9,441	2,263	24,987	127,311	95,656	11,872	2,137	26,035	135,700
1957	82,955	9,272	2,214	27,899	122,340	81,096	8,464	2,350	25,373	117,283
1958	104,508	10,713	2,457	46,954	164,632	96,830	10,004	2,226	37,626	146,686
1959	92,178	10,468	1,908	36,791	141,345	95,455	10,923	2,308	36,985	145,671
1960	67,171	9,699	2,301	29,687	108,858	78,113	9,911	1,616	34,117	123,757
1961	76,430	11,650	1,864	35,633	125,577	76,171	10,593	2,019	26,825	115,608
1962	74,443	10,975	3,742	40,935	130,095	75,593	11,922	2,451	36,716	126,682
1963	77,158	7,891	3,895	59,680	148,624	71,585	7,150	3,487	45,969	128,191
1964	77,079	8,706	4,755	75,118	165,658	76,225	8,091	3,861	62,786	150,963
1965	75,441	7,924	5,306	77,894	166,565	75,104	8,730	4,097	65,106	153,037
1966	70,642	7,281	5,000	51,551	134,474	73,858	7,707	6,412	74,215	162,192
1967	72,534	9,939	7,392	74,258	164,123	73,631	9,089	5,431	61,091	149,242
1968	75,339	10,114	8,042	103,383	196,878	74,640	10,098	7,896	78,359	170,993
	(Not seasonally adjusted)									
1966 I	12,016	1,355	898	8,806	23,075	16,838	1,707	1,276	16,143	35,964
II	16,441	1,577	1,289	15,441	34,748	23,131	2,755	1,340	20,388	47,614
III	18,706	1,476	1,479	15,484	37,145	15,597	1,565	2,099	20,325	39,586
IV	23,479	2,873	1,334	11,820	39,506	18,292	1,680	1,697	17,359	39,028
1967 I	7,810	1,035	451	7,793	17,089	15,376	1,553	876	12,198	30,003
II	23,064	3,373	2,339	22,772	51,548	15,870	2,103	1,014	16,565	35,552
III	24,384	3,239	2,841	22,170	52,634	19,267	2,238	1,578	14,517	37,600
IV	17,276	2,292	1,761	21,523	42,852	23,118	3,195	1,963	17,811	46,087
1968 I	9,854	1,443	792	14,689	26,778	17,176	2,584	1,553	13,899	35,212
II	22,349	2,775	2,225	29,545	56,894	16,721	2,429	2,411	18,881	40,442
III	21,596	2,535	2,515	25,928	52,574	19,578	2,376	1,761	20,147	43,862
IV	21,540	3,361	2,510	33,221	60,632	21,165	2,709	2,171	25,432	51,477

SOURCE: CMHC *Canadian Housing Statistics.*
CMHC *Housing in Canada.*

REFERENCE TABLE 20

ANALYSIS OF CORPORATION PROFITS

1947 to 1968

Years and Quarters	Corporation Profits Before Taxes and Before Dividends Paid to Non-Residents	Corporation Income Tax Liabilities	Corporation Profits After Taxes	Dividends Paid to Non-Residents	Corporation Profits Retained in Canada	Dividends Paid to Canadian Persons[1]	Undistributed Corporation Profits	Corporations Capital Consumption Allowances	Gross Corporation Saving[2]
	(Millions of dollars)								
1947	1,814	−702	1,112	−248	864	−236	628	582	1,210
1948	1,964	−687	1,277	−249	1,028	−238	790	702	1,492
1949	1,879	−718	1,161	−317	844	−257	587	797	1,384
1950	2,522	−983	1,539	−404	1,135	−383	752	907	1,659
1951	2,825	−1,416	1,409	−370	1,039	−377	662	1,037	1,699
1952	2,698	−1,384	1,314	−334	980	−362	618	1,189	1,807
1953	2,611	−1,220	1,391	−317	1,074	−345	729	1,354	2,083
1954	2,290	−1,082	1,208	−327	881	−310	571	1,521	2,092
1955	2,965	−1,272	1,693	−395	1,298	−336	962	1,733	2,695
1956	3,345	−1,413	1,932	−437	1,495	−364	1,131	1,976	3,107
1957	3,056	−1,337	1,719	−475	1,244	−390	854	2,242	3,096
1958	3,075	−1,315	1,760	−470	1,290	−414	876	2,091	2,967
1959	3,504	−1,581	1,923	−501	1,422	−436	986	2,303	3,289
1960	3,338	−1,544	1,794	−458	1,336	−499	837	2,426	3,263
1961	3,427	−1,612	1,815	−586	1,229	−472	757	2,447	3,204
1962	3,819	−1,710	2,109	−584	1,525	−588	937	2,680	3,617
1963	4,188	−1,827	2,361	−614	1,747	−681	1,066	2,847	3,913
1964	4,819	−2,053	2,766	−753	2,013	−721	1,292	3,083	4,375
1965	5,199	−2,225	2,974	−780	2,194	−840	1,354	3,415	4,769
1966	5,145	−2,252	2,893	−804	2,089	−947	1,142	3,729	4,871
1967	5,020	−2,208	2,812	−798	2,014	−984	1,030	3,959	4,989
1968	5,877	−2,593	3,284	−841	2,443	−926	1,517	n.a.	n.a.
	(Seasonally adjusted at annual rates)								
1966 I	5,380	−2,204	3,176	−728	2,448	−916	1,532	n.a.	n.a.
II	5,236	−2,312	2,924	−768	2,156	−936	1,220	n.a.	n.a.
III	4,824	−2,236	2,588	−748	1,840	−956	884	n.a.	n.a.
IV	5,140	−2,256	2,884	−972	1,912	−980	932	n.a.	n.a.
1967 I	4,796	−2,120	2,676	−684	1,992	−984	1,008	n.a.	n.a.
II	4,900	−2,228	2,672	−804	1,868	−988	880	n.a.	n.a.
III	5,148	−2,224	2,924	−856	2,068	−992	1,076	n.a.	n.a.
IV	5,236	−2,260	2,976	−848	2,128	−972	1,156	n.a.	n.a.
1968 I	5,324	−2,396	2,928	−804	2,124	−952	1,172	n.a.	n.a.
II	5,656	−2,480	3,176	−940	2,236	−948	1,288	n.a.	n.a.
III	5,960	−2,608	3,352	−904	2,448	−904	1,544	n.a.	n.a.
IV	6,568	−2,888	3,680	−716	2,964	−900	2,064	n.a.	n.a.

[1]Includes charitable contributions by corporations.

[2]Sum of "undistributed corporation profits" and "corporations capital consumption allowances".

SOURCE: DBS *The National Accounts.*

Reference Table 21

CORPORATION PROFITS BEFORE TAXES BY INDUSTRY

1947 to 1968

Years and Quarters	Mines, Quarries and Oil Wells	Manufacturing	Transportation	Storage	Communication	Electric Power, Gas and Water Utilities	Wholesale Trade	Retail Trade	Finance, Insurance and Real Estate	Service Industries	Other Non-Manufacturing Industries[1]	Total All Industries
	(Millions of dollars)											
1947	168	992	81	6	24	38	156	171	109	32	37	1,814
1948	207	1,084	61	8	24	37	169	173	114	35	52	1,964
1949	191	1,038	49	6	18	40	155	157	135	36	54	1,879
1950	272	1,400	88	8	26	47	222	187	161	39	72	2,522
1951	341	1,538	141	10	47	48	251	162	177	44	66	2,825
1952	256	1,413	131	15	59	52	238	186	220	55	73	2,698
1953	207	1,396	108	19	62	54	186	158	258	58	105	2,611
1954	221	1,186	81	11	39	49	151	130	269	49	104	2,290
1955	325	1,515	144	11	43	55	222	170	326	56	98	2,965
1956	382	1,646	177	15	48	60	295	213	318	69	122	3,345
1957	322	1,469	145	8	47	61	262	209	301	77	155	3,056
1958	246	1,401	96	12	81	57	241	241	445	73	182	3,075
1959	326	1,658	134	15	116	72	272	256	446	85	124	3,504
1960	348	1,516	132	14	129	85	228	212	510	81	83	3,338
1961	361	1,555	126	12	137	87	222	213	530	75	109	3,427
1962	406	1,816	125	12	157	96	262	233	543	93	76	3,819
1963	458	2,045	205	15	164	75	292	257	499	105	73	4,188
1964	604	2,223	284	16	190	74	345	272	607	125	79	4,819
1965	602	2,371	306	16	214	92	378	312	660	152	96	5,199
1966	570	2,302	308	19	226	94	419	297	643	176	91	5,145
1967	566	2,214	235	15	187	117	398	316	689	203	80	5,020
1968	618	2,759		428[2]		117	453	330	894	179	99	5,877
	(Seasonally adjusted at annual rates)											
1966 I	604	2,472		508		92	480	332	616	192	84	5,380
II	624	2,356		560		92	408	276	640	184	96	5,236
III	556	2,148		476		92	376	288	632	160	96	4,824
IV	496	2,232		668		100	412	292	684	168	88	5,140
1967 I	560	2,084		444		140	380	264	652	208	64	4,796
II	512	2,136		460		92	396	316	648	248	92	4,900
III	580	2,244		412		120	400	388	732	196	76	5,148
IV	612	2,392		432		116	416	296	724	160	88	5,236
1968 I	636	2,436		364		116	444	340	744	164	80	5,324
II	628	2,632		432		108	436	316	860	152	92	5,656
III	648	2,668		464		128	440	320	964	192	136	5,960
IV	560	3,300		452		116	492	344	1,008	208	88	6,568

[1] Includes agriculture, forestry, fishing and construction.

[2] For annual 1968 and all quarters this is the sum of transportation, storage and communication. No quarterly detail is available, and the annual detail for 1968 will not be available until later in the year.

SOURCE: DBS *The National Accounts*.
DBS *Corporation Profits*, Quarterly, Cat. 61-003.

REFERENCE TABLE 22

MANUFACTURERS' INVENTORIES, SHIPMENTS AND ORDERS

(Monthly averages)

1961 to 1968

Years, Quarters and Months	Manufacturing					Durable Manufacturing			Non-Durable Manufacturing		
	Shipments	New Orders Received	Unfilled Orders	Total Inventories Held	Ratio of Goods in Process + Finished Products to Shipments	Shipments	New Orders Received	Unfilled Orders	Shipments	New Orders Received	Unfilled Orders
	(Millions of dollars)										
1961	1,953.2	1,985.0[1]	1,959.9	4,529.4	1.35	769.3	792.1[1]	1,525.9	1,183.9	1,192.9[1]	434.0
1962	2,149.2	2,158.3	2,177.2	4,866.9	1.34	882.6	894.0	1,747.3	1,266.6	1,264.0	430.0
1963	2,334.6	2,344.4	2,198.6	5,085.0	1.31	987.6	994.6	1,783.6	1,347.0	1,349.8	415.0
1964	2,571.4	2,600.9	2,497.2	5,435.9	1.26	1,120.7	1,150.9	2,069.4	1,450.7	1,450.0	427.8
1965	2,824.1	2,866.9	2,950.3	5,951.7	1.25	1,281.2	1,358.1	2,950.2	1,542.9	1,548.8	459.5
1966	3,077.4	3,126.5	3,523.3	6,661.8	1.30	1,404.9	1,455.2	3,043.9	1,672.4	1,671.2	479.4
1967	3,211.1	3,211.2	3,740.9	7,178.7	1.38	1,454.3	1,456.2	3,278.1	1,756.8	1,754.9	462.8
1968	3,387.4	3,378.6	3,663.8	7,220.7	1.32	1,569.9	1,556.6	3,177.9	1,817.8	1,822.2	488.2
	(Seasonally adjusted)										
1966 I	3,047.1	3,104.3	3,282.5	6,373.5	1.24	1,391.9	1,453.7	2,806.6	1,655.2	1,650.6	475.8
II	3,048.8	3,116.4	3,501.7	6,557.0	1.29	1,394.5	1,459.2	3,020.2	1,654.3	1,657.2	481.5
III	3,081.3	3,113.0	3,615.4	6,758.5	1.32	1,410.7	1,438.1	3,129.9	1,673.9	1,674.9	485.6
IV	3,145.9	3,190.6	3,694.7	6,960.1	1.35	1,433.8	1,482.7	3,220.9	1,712.1	1,707.9	473.8
1967 I	3,143.8	3,133.4	3,748.8	7,072.8	1.39	1,417.2	1,407.0	3,281.0	1,726.6	1,726.3	481.2
II	3,182.7	3,165.3	3,710.4	7,169.7	1.40	1,430.2	1,417.8	3,243.9	1,752.5	1,747.5	466.5
III	3,285.8	3,288.1	3,738.4	7,281.3	1.38	1,513.3	1,521.1	3,288.2	1,772.6	1,767.0	450.3
IV	3,283.9	3,308.0	3,755.8	7,199.5	1.35	1,494.9	1,515.9	3,301.7	1,789.0	1,729.1	454.0
1968 I	3,226.2	3,192.3	3,711.7	7,205.3	1.37	1,445.3	1,401.1	3,237.5	1,780.9	1,791.2	474.2
II	3,344.8	3,328.2	3,644.6	7,159.2	1.32	1,534.8	1,523.6	3,164.3	1,809.9	1,804.6	480.3
III	3,458.2	3,465.7	3,629.0	7,237.1	1.30	1,644.5	1,640.7	3,142.8	1,813.7	1,824.9	486.1
IV	3,521.7	3,529.3	3,679.0	7,288.3	1.28	1,655.1	1,661.1	3,167.0	1,866.6	1,868.2	512.0
	(Seasonally adjusted)										
1968 J	3,257.0	3,224.8	3,751.6	7,199.7	1.36	1,475.4	1,432.5	3,286.7	1,781.6	1,792.3	464.9
F	3,211.5	3,161.4	3,701.5	7,213.7	1.38	1,446.2	1,388.1	3,228.6	1,765.3	1,773.3	472.9
M	3,210.1	3,190.7	3,682.1	7,202.5	1.38	1,414.2	1,382.8	3,197.2	1,795.9	1,807.9	484.9
A	3,300.8	3,275.8	3,657.1	7,185.1	1.34	1,487.3	1,458.8	3,168.7	1,813.5	1,817.0	488.4
M	3,372.5	3,359.8	3,644.4	7,146.1	1.31	1,562.8	1,554.8	3,160.7	1,809.7	1,805.0	483.7
J	3,361.0	3,348.9	3,632.3	7,146.4	1.32	1,554.4	1,557.1	3,163.4	1,806.6	1,791.8	468.9
J	3,380.6	3,376.7	3,628.4	7,195.9	1.32	1,574.8	1,567.1	3,155.9	1,805.8	1,809.4	472.5
A	3,444.4	3,419.7	3,603.7	7,235.5	1.31	1,639.5	1,603.9	3,120.3	1,804.9	1,815.8	483.4
S	3,549.6	3,600.7	3,654.8	7,279.9	1.26	1,719.1	1,751.1	3,152.3	1,830.5	1,849.6	502.5
O	3,578.0	3,581.3	3,658.1	7,288.1	1.25	1,729.6	1,726.7	3,149.4	1,848.4	1,854.6	508.7
N	3,533.8	3,576.9	3,701.2	7,264.0	1.27	1,660.0	1,691.8	3,181.2	1,873.8	1,885.1	520.0
D	3,453.2	3,429.7	3,677.7	7,312.8	1.31	1,575.6	1,564.9	3,170.5	1,877.6	1,864.8	507.2

[1]Eleven month average for 1961 only.

SOURCE: DBS *Inventories, Shipments and Orders in Manufacturing Industries*, Monthly, Cat. 31-001.

REFERENCE TABLE 23

INDEXES OF REAL DOMESTIC PRODUCT BY INDUSTRY

1947 to 1968

(1961=100)

Years and Quarters	Real Domestic Product	Agriculture	Real Domestic Product less Agriculture	Mines, Quarries and Oil Wells	Manufacturing			Construction
					Total	Non-Durable	Durable	
(Weights)	(100.000)	(4.557)	(95.443)	(4.298)	(24.741)	(13.608)	(11.133)	(5.840)
1947	54.8	89.2	52.1	27.7	55.4	53.5	57.9	41.4
1948	56.7	92.1	54.0	31.8	57.8	55.3	61.0	46.3
1949	58.4	86.8	56.2	35.3	59.5	57.4	62.0	51.9
1950	62.4	94.9	60.0	38.7	63.4	61.4	66.1	56.0
1951	67.3	108.3	64.1	43.6	68.9	64.4	74.6	56.5
1952	72.5	132.6	67.8	46.5	71.5	66.2	78.0	64.1
1953	75.5	121.2	72.0	50.6	76.6	70.8	84.0	71.9
1954	74.3	93.1	72.8	56.1	74.9	71.9	78.7	73.7
1955	82.1	114.9	79.5	66.4	82.2	77.2	88.6	81.9
1956	89.1	122.0	86.5	77.1	89.9	83.5	98.0	92.2
1957	89.5	102.6	88.5	84.6	89.7	85.5	95.1	100.2
1958	91.0	113.8	89.3	86.0	88.0	86.9	89.5	103.7
1959	95.7	110.2	94.6	97.3	94.5	92.9	96.5	98.7
1960	98.0	115.3	96.6	97.4	96.1	95.4	97.0	97.0
1961	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1962	106.9	121.2	106.3	104.8	110.5	107.1	114.8	104.6
1963	112.3	135.8	111.2	110.6	118.0	112.5	124.7	105.9
1964	119.5	122.3	119.4	124.9	129.2	120.9	139.4	117.4
1965	127.8	128.3	127.8	131.6	141.0	128.4	156.3	133.7
1966	135.5	145.4	135.0	136.5	151.2	135.9	170.0	141.7
1967	139.1	124.7	139.8	145.2	151.7	137.6	168.9	142.4
1968	145.4	133.5	145.9	152.7	159.4	143.9	178.4	149.7
	(Seasonally adjusted)							
1966 I	134.6	146.5	134.1	137.6	150.3	135.2	168.9	146.2
II	135.0	146.1	134.5	137.5	150.9	136.0	169.1	144.9
III	135.3	141.8	134.9	132.7	151.3	135.3	170.8	138.8
IV	137.0	144.8	136.7	139.2	152.3	136.7	171.4	137.7
1967 I	137.8	144.9	137.5	141.1	150.6	136.4	168.0	139.1
II	139.4	131.4	139.8	144.8	151.3	137.7	167.9	143.4
III	139.7	118.8	140.7	146.0	151.9	137.5	169.5	146.2
IV	140.6	122.3	141.5	150.7	153.5	139.0	171.2	141.6
1968 I	142.7	137.4	142.9	151.2	154.0	142.3	168.2	143.1
II	144.7	130.9	145.3	152.2	158.7	143.7	177.1	151.5
III	145.6	128.4	146.5	152.9	159.6	141.9	181.3	151.8
IV	148.6	137.8	149.1	154.5	165.1	147.5	186.6	152.7

REFERENCE TABLE 23 (Continued)

INDEXES OF REAL DOMESTIC PRODUCT BY INDUSTRY
1947 to 1968
(1961=100)

Years and Quarters	Electric Power, Gas and Water Utilities	Transportation, Storage and Communication	Trade			Finance, Insurance and Real Estate	Total Community, Business and Personal Service	Public Administration and Defence
			Total	Wholesale	Retail			
(Weights)	(2.812)	(9.985)	(12.721)	(4.788)	(7.933)	(12.013)	(13.789)	(7.725)
1947	28.4	57.2	57.2	53.8	59.1	n.a.	58.9	n.a.
1948	30.0	58.1	56.4	54.2	57.7	n.a.	60.8	n.a.
1949	31.6	58.2	58.8	55.6	50.6	n.a.	63.4	n.a.
1950	35.8	60.2	63.0	57.7	66.0	n.a.	65.5	n.a.
1951	40.9	65.9	63.7	62.5	64.5	n.a.	68.5	n.a.
1952	44.5	69.6	68.0	66.4	69.0	n.a.	71.7	n.a.
1953	46.7	70.5	72.6	70.3	74.0	n.a.	74.4	n.a.
1954	51.1	68.8	73.4	70.7	75.0	n.a.	75.8	n.a.
1955	57.9	78.1	81.8	79.9	82.9	n.a.	77.7	n.a.
1956	64.6	87.1	89.2	88.3	89.7	n.a.	82.4	n.a.
1957	69.5	87.4	89.2	87.3	90.4	n.a.	85.0	n.a.
1958	76.3	84.4	91.3	88.9	92.7	n.a.	88.2	n.a.
1959	86.6	91.2	97.4	98.0	97.2	n.a.	93.0	n.a.
1960	94.4	93.9	97.6	97.3	97.9	n.a.	96.7	n.a.
1961	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1962	107.1	104.1	105.6	105.5	105.7	104.0	105.4	103.4
1963	112.5	111.1	109.6	109.2	109.9	108.1	109.8	104.0
1964	123.3	120.2	116.0	116.1	115.9	112.9	117.0	105.2
1965	134.0	127.2	124.3	125.7	123.6	117.2	125.7	106.2
1966	147.8	136.4	129.8	130.0	129.7	120.4	132.5	109.3
1967	161.3	144.3	135.3	134.5	135.8	125.7	138.8	116.8
1968	174.4	150.2	140.1	138.9	140.8	130.6	144.1	120.1
	(Seasonally adjusted)							
1966 I	144.1	133.1	130.4	131.3	129.9	119.0	130.1	107.9
II	146.4	136.2	126.6	126.9	126.4	119.7	131.9	108.4
III	148.5	136.2	130.1	128.9	130.9	121.0	133.1	109.9
IV	152.4	139.6	132.3	133.2	131.8	121.9	134.8	110.9
1967 I	158.1	142.8	131.4	129.3	132.7	123.4	136.5	112.7
II	160.8	144.3	136.7	137.1	136.5	125.2	138.7	116.2
III	162.3	145.1	136.0	135.2	136.5	126.7	139.9	117.4
IV	164.9	146.2	137.4	137.4	137.3	127.8	140.3	117.9
1968 I	169.2	150.0	137.2	136.3	137.8	129.0	141.9	120.3
II	170.8	148.8	139.5	142.7	137.7	130.2	142.8	120.1
III	177.8	149.8	141.4	138.3	143.2	131.0	144.4	119.8
IV	181.6	154.2	141.3	137.2	143.8	132.1	147.3	119.4

SOURCE: DBS *Indexes of Real Domestic Product by Industry (1961 Base)*, Occasional, Cat. 61-506.
DBS *Index of Industrial Production*, Monthly, Cat. 61-005.
DBS *Aggregate Productivity Trends*, Annual, Cat. 14-201.

REFERENCE TABLE 24

CHANGES IN THE INDEXES OF REAL DOMESTIC PRODUCT BY INDUSTRY
1947 to 1968
(1961=100)

Years and Quarters	Real Domestic Product	Agriculture	Real Domestic Product less Agriculture	Mines, Quarries and Oil Wells	Manufacturing			Construction
					Total	Non-Durable	Durable	
	(Per cent change from previous period)							
1947	4.4	−6.1	6.1	5.3	9.3	3.9	16.7	16.6
1948	3.5	3.3	3.6	14.8	4.3	3.4	5.4	11.8
1949	3.0	−5.8	4.1	11.0	2.9	3.8	1.6	12.1
1950	6.8	9.3	6.8	9.6	6.6	7.0	6.6	7.9
1951	7.9	14.1	6.8	12.7	8.7	4.9	12.9	0.9
1952	7.7	22.4	5.8	6.7	3.8	2.8	4.6	13.5
1953	4.1	−8.6	6.2	8.8	7.1	6.9	7.7	12.2
1954	−1.6	−23.2	1.1	10.9	−2.2	1.6	−6.3	2.5
1955	10.5	23.4	9.2	18.4	9.7	7.4	12.6	11.1
1956	8.5	6.2	8.8	16.1	9.4	8.2	10.6	12.6
1957	0.4	−15.9	2.3	9.7	−0.2	2.4	−3.0	8.7
1958	1.7	10.9	0.9	1.7	−1.9	1.6	−5.9	3.5
1959	5.2	−3.2	5.9	13.1	7.4	6.9	7.8	−4.8
1960	2.4	4.6	2.1	0.1	1.7	2.7	0.5	−1.7
1961	2.0	−13.3	3.5	2.7	4.1	4.8	3.1	3.1
1962	6.9	21.2	6.3	4.8	10.5	7.1	14.8	4.6
1963	5.0	12.0	4.7	5.5	6.7	5.1	8.6	1.3
1964	6.4	−10.0	7.4	13.0	9.5	7.5	11.8	10.9
1965	6.9	4.9	7.0	5.4	9.1	6.2	12.2	13.9
1966	6.0	13.3	5.7	3.7	7.3	5.8	8.7	5.9
1967	2.7	−14.2	3.5	6.4	0.3	1.3	−0.6	0.5
1968	4.5	7.1	4.4	3.2	5.1	4.6	5.6	5.1
	(Seasonally adjusted)							
1966 I	2.4	14.8	1.8	2.2	2.3	2.0	2.7	6.5
II	0.3	−0.3	0.3	−0.1	0.4	0.6	0.1	−0.9
III	0.2	−2.9	0.3	−3.5	0.3	−0.5	1.0	−4.2
IV	1.3	2.1	1.2	4.9	0.7	1.0	0.3	−0.8
1967 I	0.6	0.1	0.6	1.4	−1.1	−0.2	−2.0	1.0
II	1.2	−9.3	1.7	2.6	0.5	1.0	−0.1	3.1
III	0.2	−9.6	0.6	0.8	0.4	−0.2	1.0	2.0
IV	0.7	2.9	0.6	3.2	1.0	1.1	1.0	−3.1
1968 I	1.5	12.3	1.0	0.3	0.3	2.4	−1.8	1.1
II	1.4	−4.7	1.7	0.7	3.1	1.0	5.3	5.9
III	0.6	−1.9	0.8	0.5	0.6	−1.3	2.4	0.2
IV	2.1	7.3	1.8	1.0	3.4	3.9	2.9	0.6

REFERENCE TABLE 24 (Continued)

CHANGES IN THE INDEXES OF REAL DOMESTIC PRODUCT BY INDUSTRY

1947 to 1968

(1961=100)

Years and Quarters	Electric Power, Gas and Water Utilities	Transportation, Storage and Communication	Trade			Finance, Insurance and Real Estate	Community, Business and Personal Service	Public Administration and Defence
			Total	Wholesale	Retail			
	(Per cent change from previous period)							
1947	13.1	8.5	9.0	7.8	9.4	n.a.	4.1	n.a.
1948	5.6	1.6	−1.4	0.7	−2.4	n.a.	3.2	n.a.
1949	5.3	0.2	4.3	2.6	5.0	n.a.	4.3	n.a.
1950	13.3	3.4	7.1	3.8	8.9	n.a.	3.3	n.a.
1951	14.2	9.5	1.1	8.3	−2.3	n.a.	4.6	n.a.
1952	8.8	5.6	6.8	6.2	7.0	n.a.	4.7	n.a.
1953	4.9	1.3	6.8	5.9	7.2	n.a.	3.8	n.a.
1954	9.4	−2.4	1.1	0.6	1.4	n.a.	1.9	n.a.
1955	13.3	13.5	11.4	13.0	10.5	n.a.	2.5	n.a.
1956	11.6	11.5	9.0	10.5	8.2	n.a.	6.0	n.a.
1957	7.6	0.3	0.0	−1.1	0.8	n.a.	3.2	n.a.
1958	9.8	−3.4	2.4	1.8	2.5	n.a.	3.8	n.a.
1959	13.5	8.1	6.7	10.2	4.9	n.a.	5.4	n.a.
1960	9.0	3.0	0.2	−0.7	0.7	n.a.	4.0	n.a.
1961	5.9	6.5	2.5	2.8	2.1	0.0	3.4	0.0
1962	7.1	4.1	5.7	5.4	5.8	4.0	5.4	3.4
1963	5.0	6.7	3.8	3.5	4.0	4.0	4.2	0.6
1964	9.7	8.3	5.8	6.4	5.6	4.4	6.6	1.2
1965	8.6	5.8	7.2	8.2	6.6	3.8	7.4	0.9
1966	10.3	7.2	4.4	3.4	5.0	2.8	5.4	2.9
1967	9.2	5.8	4.3	3.5	4.8	4.4	4.8	6.9
1968	8.1	4.1	3.5	3.3	3.7	3.9	3.8	2.8
	(Seasonally adjusted)							
1966 I	2.1	−0.2	2.3	2.2	2.4	0.6	1.2	0.7
II	1.6	2.4	−3.0	−3.4	−2.7	0.6	1.4	0.4
III	1.5	−0.1	2.8	1.6	3.6	1.1	0.9	1.4
IV	2.6	2.5	1.7	3.3	0.7	0.7	1.3	0.9
1967 I	3.7	2.3	−0.7	−2.9	0.7	1.2	1.3	1.7
II	1.8	1.0	4.0	6.0	2.9	1.4	1.6	3.1
III	0.9	0.6	−0.5	−1.4	—	1.2	0.9	1.0
IV	1.6	0.8	1.0	1.6	0.7	0.9	0.3	0.4
1968 I	2.6	2.6	−0.1	−0.8	0.4	0.9	1.1	2.0
II	0.9	−0.8	1.7	4.7	−0.1	0.9	0.6	−0.2
III	4.1	0.7	1.4	−3.1	4.0	0.6	1.1	−0.3
IV	2.1	2.9	−0.1	−0.8	0.4	0.8	2.0	−0.3

SOURCE: DBS *Aggregate Productivity Trends.*
DBS *Indexes of Real Domestic Product by Industry (1961 Base).*
DBS *Index of Industrial Production (1961=100).*

REFERENCE TABLE 25

INDEXES OF REAL DOMESTIC PRODUCT BY MAJOR INDUSTRIAL GROUPING

1947 to 1968

(1961 = 100)

Years and Quarters	Commercial Industries	Commercial Industries less Agriculture	Goods-Producing Industries	Goods-Producing Industries less Agriculture	Service-Producing Industries	Non-Commercial Industries	Commercial Service-Producing Industries	Index of Industrial Production
(Weights)	(84.355)	(79.798)	(43.767)	(39.210)	(56.233)	(15.645)	(40.588)	(31.851)
1947	55.0	52.1	54.0	48.5	55.7	n.a.	55.8	48.9
1948	57.0	54.0	56.8	51.3	56.7	n.a.	56.9	51.5
1949	58.5	56.1	57.8	53.3	59.1	n.a.	59.1	53.4
1950	62.7	59.9	62.6	57.6	62.2	n.a.	62.2	57.3
1951	67.5	64.0	68.6	62.4	65.8	n.a.	65.7	62.7
1952	72.5	67.4	74.5	65.5	70.0	n.a.	69.4	65.3
1953	75.5	71.5	77.4	70.6	73.3	n.a.	72.4	70.1
1954	73.8	72.2	73.9	71.0	74.7	n.a.	73.3	70.0
1955	82.1	79.3	83.7	78.8	80.2	n.a.	79.4	77.7
1956	89.5	86.8	91.9	87.3	85.7	n.a.	85.6	85.8
1957	89.7	88.6	91.0	89.2	87.7	n.a.	87.6	87.2
1958	91.0	89.1	92.4	89.1	89.4	n.a.	88.7	86.7
1959	95.9	94.7	96.8	94.8	94.4	n.a.	94.1	94.2
1960	98.0	96.5	99.0	96.5	96.6	n.a.	96.3	96.2
1961	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1962	107.3	106.5	109.9	108.6	104.6	105.0	104.5	109.5
1963	113.3	112.0	116.8	114.6	108.8	107.4	109.3	116.5
1964	120.8	120.8	125.6	125.9	114.9	112.5	115.6	128.1
1965	129.6	129.6	136.4	137.3	121.2	118.4	122.0	139.1
1966	137.8	137.4	146.7	146.8	126.8	123.1	128.0	148.9
1967	140.7	141.7	146.7	149.3	133.2	130.4	134.0	151.7
1968	147.1	147.9	154.7	157.1	138.1	135.9	138.3	159.8
				(Seasonally adjusted)				
1966 I	137.1	136.6	146.6	146.6	125.3	121.2	n.a.	148.1
II	137.4	136.9	147.1	147.2	125.6	122.4	n.a.	148.7
III	137.4	137.1	145.6	146.0	127.2	123.7	n.a.	148.5
IV	139.3	138.9	147.3	147.6	129.0	124.9	n.a.	150.5
1967 I	139.9	139.6	147.3	147.6	130.4	126.8	n.a.	150.0
II	141.2	141.8	147.3	149.2	133.2	129.8	n.a.	151.3
III	141.2	142.5	147.0	150.2	134.0	131.6	n.a.	152.0
IV	142.2	143.4	147.9	150.9	134.9	132.0	n.a.	154.1
1968 I	144.2	144.6	150.5	152.0	136.6	134.5	n.a.	154.9
II	146.4	147.3	154.1	156.8	137.3	135.3	n.a.	158.9
III	147.4	148.5	154.9	158.0	138.4	136.2	n.a.	160.3
IV	150.7	151.5	159.6	162.1	140.1	137.1	n.a.	165.1

SOURCE: DBS *Indexes of Real Domestic Product by Industry (1961 Base).*
DBS *Index of Industrial Production.*
DBS *Aggregate Productivity Trends.*

REFERENCE TABLE 26

CHANGES IN THE INDEXES OF REAL DOMESTIC PRODUCT BY MAJOR INDUSTRIAL GROUPING

1947 to 1968

Years and Quarters	Commercial Industries	Commercial Industries less Agriculture	Goods-Producing Industries	Goods-Producing Industries less Agriculture	Service-Producing Industries	Non-Commercial Industries	Commercial Service-Producing Industries	Index of Industrial Production
	(Per cent change from previous period)							
1947	6.6	8.8	5.9	10.0	2.8	n.a.	7.7	9.4
1948	3.6	3.6	5.2	5.8	1.8	n.a.	2.0	5.3
1949	2.6	3.9	1.8	3.9	4.2	n.a.	3.9	3.7
1950	7.2	6.8	8.3	8.1	5.2	n.a.	5.2	7.3
1951	7.7	6.8	9.6	8.3	5.8	n.a.	5.6	9.4
1952	7.4	5.3	8.6	5.0	6.4	n.a.	5.6	4.1
1953	4.1	6.1	3.9	7.8	4.7	n.a.	4.3	7.4
1954	−2.3	1.0	−4.5	0.6	1.9	n.a.	1.2	−0.1
1955	11.2	9.8	13.3	11.0	7.4	n.a.	8.3	11.0
1956	9.0	9.5	9.8	10.8	6.9	n.a.	7.8	10.4
1957	0.2	2.1	−1.0	2.2	2.3	n.a.	2.3	1.6
1958	1.4	0.6	1.5	−0.1	1.9	n.a.	1.3	−0.6
1959	5.4	6.3	4.8	6.4	5.6	n.a.	6.1	8.7
1960	2.2	1.9	2.3	1.8	2.3	n.a.	2.3	2.1
1961	2.0	3.6	1.0	3.6	3.5	n.a.	3.8	4.0
1962	7.3	6.5	9.9	8.6	4.7	4.9	4.5	9.5
1963	5.5	5.1	6.3	5.6	4.0	2.3	4.6	6.4
1964	6.7	7.9	7.5	9.9	5.5	4.8	5.8	10.0
1965	7.2	7.4	8.6	9.0	5.5	5.2	5.5	8.5
1966	6.4	6.0	7.6	6.9	4.7	4.0	4.9	7.1
1967	2.1	3.1	0.0	1.7	5.0	5.9	4.7	1.8
1968	4.5	4.4	5.5	5.2	3.7	4.2	3.2	5.3
	(Seasonally adjusted)							
1966 I	2.7	2.0	4.0	2.9	1.0	0.9	n.a.	2.3
II	0.2	0.2	0.3	0.4	0.3	1.0	n.a.	0.4
III	—	0.2	−1.0	−0.8	1.2	1.1	n.a.	−0.1
IV	1.4	1.3	1.1	1.0	1.4	1.0	n.a.	1.3
1967 I	0.4	0.4	—	—	1.1	1.5	n.a.	−0.3
II	0.9	1.6	—	1.1	2.2	2.4	n.a.	0.9
III	—	0.5	−0.3	0.7	0.6	1.4	n.a.	0.5
IV	0.7	0.6	0.7	0.5	0.7	0.3	n.a.	1.4
1968 I	1.4	0.8	1.8	0.7	1.3	1.9	n.a.	0.5
II	1.5	1.9	2.4	3.2	0.5	0.6	n.a.	2.6
III	0.7	0.8	0.5	0.8	0.8	0.7	n.a.	0.9
IV	2.2	2.0	3.0	2.6	1.2	0.7	n.a.	3.0

SOURCE: DBS *Aggregate Productivity Trends.*
DBS *Indexes of Real Domestic Product by Industry (1961 Base).*
DBS *Index of Industrial Production (1961 = 100).*

REFERENCE TABLE 27

MAIN COMPONENTS OF THE LABOUR MARKET[1]

1954 to 1969

Years and Months	Population 14 Years and Over	Labour Force			Employment		
		Total	Male	Female	Total	Male	Female
	(Thousands of persons)						
1954	10,391	5,493	4,263	1,231	5,243	4,044	1,199
1955	10,597	5,610	4,341	1,269	5,364	4,128	1,236
1956	10,807	5,782	4,437	1,346	5,585	4,266	1,320
1957	11,123	6,008	4,573	1,435	5,731	4,329	1,402
1958	11,388	6,137	4,641	1,496	5,706	4,263	1,442
1959	11,605	6,242	4,687	1,554	5,870	4,363	1,507
1960	11,831	6,411	4,754	1,657	5,965	4,368	1,597
1961	12,053	6,521	4,782	1,739	6,055	4,381	1,674
1962	12,280	6,615	4,819	1,797	6,225	4,488	1,737
1963	12,536	6,748	4,879	1,870	6,375	4,567	1,808
1964	12,817	6,933	4,961	1,972	6,609	4,698	1,911
1965	13,128	7,141	5,065	2,076	6,862	4,842	2,020
1966	13,475	7,420	5,193	2,227	7,152	4,983	2,169
1967	13,874	7,694	5,329	2,365	7,379	5,083	2,296
1968	14,264	7,919	5,443	2,476	7,537	5,146	2,391
	(Seasonally adjusted[2])						
1968 J	14,086	7,759	5,353	2,425	7,415	5,065	2,348
F	14,115	7,788	5,374	2,433	7,433	5,079	2,357
M	14,151	7,771	5,367	2,411	7,404	5,067	2,333
A	14,184	7,848	5,424	2,437	7,480	5,122	2,355
M	14,213	7,868	5,429	2,433	7,484	5,132	2,349
J	14,249	8,020	5,522	2,470	7,583	5,198	2,375
J	14,281	7,946	5,463	2,469	7,533	5,157	2,374
A	14,316	7,948	5,462	2,479	7,548	5,161	2,385
S	14,349	7,988	5,454	2,512	7,606	5,179	2,425
O	14,378	8,023	5,480	2,527	7,622	5,193	2,437
N	14,407	8,064	5,494	2,562	7,667	5,194	2,494
D	14,435	8,035	5,485	2,545	7,651	5,192	2,457
1969 J	14,470	8,099	5,534	2,583	7,753	5,265	2,486
F	14,495	8,128	5,533	2,605	7,779	5,265	2,515
M	14,528	8,108	5,529	2,566	7,771	5,287	2,479
A	14,557	8,207	5,571	2,647	7,842	5,283	2,554

REFERENCE TABLE 27 (Continued)

MAIN COMPONENTS OF THE LABOUR MARKET[1]

1954 to 1969

Years and Months	Unemployment Rate			Participation Rate			Unemployment	Total Immigration	Immigrants Destined to the Labour Force
	Total	Male	Female	Total	Male	Female			
	(Per cent)						(Thousands of persons)		
1954	4.6	5.1	2.6	52.9	82.2	23.7	250	154	84
1955	4.4	4.9	2.6	52.9	82.1	23.9	245	110	58
1956	3.4	3.9	1.9	53.5	82.2	24.9	197	165	91
1957	4.6	5.3	2.3	54.0	82.3	25.8	278	282	152
1958	7.0	8.1	3.6	53.9	81.7	26.2	432	125	63
1959	6.0	6.9	3.0	53.8	81.0	26.7	372	107	54
1960	7.0	8.1	3.6	54.2	80.7	27.9	446	104	54
1961	7.1	8.4	3.7	54.1	79.8	28.7	466	72	35
1962	5.9	6.9	3.3	53.9	79.1	29.0	390	75	37
1963	5.5	6.4	3.3	53.8	78.5	29.6	374	93	46
1964	4.7	5.3	3.1	54.1	78.1	30.5	324	113	56
1965	3.9	4.4	2.7	54.4	77.9	31.3	280	147	74
1966	3.6	4.0	2.6	55.1	77.8	32.8	267	195	99
1967	4.1	4.6	3.0	55.5	77.5	33.8	315	223	120
1968	4.8	5.5	3.4	55.5	77.0	34.4	382	184	95
	(Seasonally adjusted[2])								
1968 J	4.4	5.1	3.1	55.2	76.6	34.1	344		
F	4.6	5.2	3.1	55.3	76.7	34.2	355	36	19
M	4.7	5.4	3.2	55.2	76.4	33.8	367		
A	4.7	5.3	3.3	55.4	77.2	34.1	368		
M	4.9	5.5	3.4	55.3	77.1	34.0	384	50	26
J	5.4	6.1	3.8	56.2	78.2	34.4	437		
J	5.2	5.7	3.8	55.6	77.2	34.3	413		
A	5.0	5.5	3.8	55.4	77.0	34.3	400	51	26
S	4.8	5.4	3.4	55.6	76.7	34.7	382		
O	5.0	5.6	3.6	55.6	76.9	34.9	401		
N	4.9	5.7	3.4	55.9	77.0	35.2	397	48	25
D	4.8	5.4	3.5	55.6	76.7	35.0	384		
1969 J	4.3	4.7	3.6	56.0	77.1	35.3	346		
F	4.3	4.8	3.4	56.1	76.9	35.6	349	n.a.	n.a.
M	4.2	4.6	3.2	55.9	76.7	35.0	337		
A	4.4	5.0	3.4	56.5	77.2	36.0	365		

[1]Small differences in totals may arise due to the seasonal adjustment process, or rounding.

[2]Immigration statistics are by quarters and are not seasonally adjusted. Population figures are not seasonally adjusted.

SOURCE: DBS *The Labour Force*, Monthly, Cat. 71-001.
Department of Manpower and Immigration *Immigration Statistics*.
Department of Manpower and Immigration *Quarterly Immigration Bulletin*.

REFERENCE TABLE 28

CHANGES IN THE MAIN COMPONENTS OF THE LABOUR MARKET

1954 to 1969

Years and Months	Population 14 Years and Over	Labour Force			Employment		
		Total	Male	Female	Total	Male	Female
	(Per cent change from same period a year ago)						
1954	2.2	1.8	1.4	3.4	0.2	−0.5	2.3
1955	2.0	2.1	1.8	3.1	2.3	2.1	3.1
1956	2.0	3.1	2.2	6.1	4.1	3.3	6.8
1957	2.9	3.9	3.1	6.6	2.6	1.5	6.2
1958	2.4	2.1	1.5	4.3	−0.4	−1.5	2.9
1959	1.9	1.7	1.0	3.9	−2.9	2.3	4.5
1960	1.9	2.7	1.4	6.6	1.6	0.1	6.0
1961	1.9	1.7	0.6	4.9	1.5	0.3	4.8
1962	1.9	1.4	0.8	3.3	2.8	2.4	3.8
1963	2.1	2.0	1.2	4.1	2.4	1.8	4.1
1964	2.2	2.7	1.7	5.5	3.7	2.9	5.7
1965	2.4	3.0	2.1	5.3	3.8	3.1	5.7
1966	2.6	3.9	2.5	7.3	4.2	2.9	7.4
1967	3.0	3.7	2.6	6.2	3.2	2.0	5.9
1968	2.8	2.9	2.1	4.7	2.1	1.2	4.1
	(Seasonally adjusted[1])						
1968 J	3.0	2.4	1.4	5.9	1.7	0.0	5.4
F	2.9	2.6	2.0	4.9	1.8	0.4	4.8
M	2.9	1.3	1.2	2.3	0.5	−0.2	2.0
A	2.9	2.8	2.4	4.5	2.1	1.2	4.1
M	2.8	2.1	1.7	2.7	1.3	0.9	2.3
J	2.8	4.0	3.5	4.4	2.6	2.2	3.5
J	2.7	2.6	1.9	3.5	1.4	1.0	2.4
A	2.8	2.6	1.6	4.0	1.5	0.8	2.9
S	2.8	3.4	2.0	5.6	2.7	1.4	5.2
O	2.7	4.1	2.6	7.0	3.7	2.4	6.5
N	2.7	4.1	2.8	6.7	3.5	2.2	6.6
D	2.7	3.1	2.4	4.7	3.0	2.4	4.4
1969 J	2.7	4.4	3.4	6.5	4.6	3.9	5.9
F	2.7	4.4	3.0	7.1	4.7	3.7	6.7
M	2.7	4.3	3.0	6.4	5.0	4.3	6.3
A	2.6	4.6	2.7	8.6	4.8	3.1	8.5

[1]Population figures are not seasonally adjusted.

SOURCE: DBS *The Labour Force.*

REFERENCE TABLE 29

PARTICIPATION RATES BY SEX AND AGE GROUPS

1954 to 1969

Years and Months	14–19		20–24		25–44		45–64		65+	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
	(Per cent)									
1954	50.2	33.6	92.0	46.6	97.3	23.3	91.3	18.1	33.2	3.7
1955	48.6	32.9	92.2	46.3	97.6	23.8	91.8	19.0	32.3	3.9
1956	48.1	33.9	91.7	47.1	97.6	24.5	92.0	20.8	34.0	4.5
1957	47.8	33.1	91.4	46.5	97.7	25.7	92.5	22.9	34.1	5.0
1958	45.6	32.1	91.7	47.4	97.8	26.2	92.5	24.1	32.1	5.2
1959	43.6	32.1	91.0	46.5	97.8	27.0	92.4	25.1	31.0	5.2
1960	42.8	32.6	91.2	47.9	97.8	28.3	92.5	26.7	30.3	5.6
1961	40.3	32.3	90.7	48.7	97.7	29.2	92.2	28.5	29.3	5.9
1962	39.6	30.9	88.6	49.7	97.7	29.8	91.7	29.4	28.5	5.6
1963	39.2	29.9	88.7	50.3	97.7	30.5	91.9	30.5	26.4	5.9
1964	38.3	29.9	88.2	51.0	97.7	31.7	91.8	31.6	26.8	6.3
1965	38.7	30.2	87.6	52.6	97.6	32.6	91.9	32.9	26.3	6.0
1966	38.6	31.4	87.4	55.6	97.6	34.3	91.8	33.9	26.4	5.9
1967	39.4	31.6	86.0	56.6	97.3	35.7	91.7	35.1	24.7	5.9
1968	39.1	31.3	84.4	58.4	97.0	36.4	91.1	35.4	24.4	5.9
	(Seasonally adjusted)									
1968 J	38.3	32.1	83.2	57.2	97.2	35.7	91.2	35.2	23.1	5.9
F	39.4	31.8	82.8	57.7	97.1	35.6	91.1	35.1	23.4	6.3
M	38.7	31.5	83.7	57.5	97.1	35.8	91.1	34.4	23.6	6.0
A	39.7	31.3	84.2	57.9	97.1	36.1	91.4	34.8	25.1	5.6
M	39.3	30.2	84.7	58.6	97.0	36.1	90.7	34.9	24.5	5.6
J	44.3	32.8	85.3	58.6	97.2	36.2	91.1	35.2	24.3	5.9
J	38.5	31.3	85.8	60.0	97.1	36.1	91.2	34.8	24.8	6.2
A	36.4	30.9	85.6	59.5	97.0	36.2	91.1	35.3	25.0	6.1
S	37.8	30.4	83.9	59.2	96.9	36.8	91.2	36.2	25.0	6.0
O	38.9	31.0	84.6	58.5	97.1	37.2	90.8	36.5	24.3	6.1
N	39.8	31.5	83.6	58.1	97.0	38.1	91.2	36.4	24.5	6.2
D	38.7	31.1	83.7	57.2	97.0	37.2	90.6	36.6	24.9	6.2
1969 J	39.0	30.4	84.2	57.6	97.4	38.0	91.1	37.4	24.3	5.6
F	38.1	30.4	85.1	58.8	97.1	38.4	91.1	37.0	24.1	6.0
M	39.2	31.2	85.1	58.4	96.7	37.8	91.5	35.8	24.0	6.1
A	39.4	31.9	84.8	60.0	97.1	39.7	91.6	35.9	24.7	5.7

SOURCE: DBS *The Labour Force.*

REFERENCE TABLE 30

UNEMPLOYMENT RATES BY SEX AND AGE GROUPS

1954 to 1969

Years and Months	14–19		20–24		25–44		45–64	
	Male	Female	Male	Female	Male	Female	Male	Female
	(Per cent)							
1954	10.0	5.4	7.6	2.7	4.4	2.0	4.3	1.3
1955	10.1	5.0	7.2	2.4	4.1	1.9	4.2	2.0
1956	8.1	3.8	5.7	1.9	3.2	1.6	3.3	1.1
1957	11.2	4.6	8.2	2.7	4.5	1.7	4.2	1.6
1958	16.6	7.4	12.7	4.1	6.9	2.6	6.7	2.4
1959	14.3	6.7	10.5	3.7	5.8	2.2	5.8	1.6
1960	16.4	8.6	12.2	3.9	6.9	2.5	6.9	1.8
1961	16.4	8.6	11.8	4.2	7.3	2.6	7.3	2.3
1962	14.4	7.9	10.0	3.7	5.6	2.4	6.1	1.9
1963	14.0	7.7	9.6	4.1	5.1	2.2	5.4	2.2
1964	12.3	7.6	7.9	3.3	4.1	2.0	4.5	2.1
1965	10.2	6.9	5.7	3.1	3.4	1.9	3.9	1.6
1966	9.7	6.4	5.3	2.5	2.9	1.9	3.7	1.5
1967	10.9	7.3	6.1	3.2	3.5	2.0	3.8	1.7
1968	12.7	8.3	7.7	4.2	4.2	2.3	4.3	2.0
	(Seasonally adjusted)							
1968 J	11.5	7.6	7.0	4.4	3.9	2.0	4.3	1.2
F	12.3	7.4	7.7	4.1	4.0	2.2	4.4	1.5
M	13.0	6.9	7.4	4.3	4.3	2.0	4.2	1.9
A	12.8	8.0	7.4	4.3	4.1	2.4	4.3	1.7
M	13.3	7.4	8.1	4.4	4.4	2.6	4.0	1.4
J	13.1	10.7	8.2	4.2	4.8	2.6	4.3	1.8
J	14.4	9.1	8.3	4.1	4.4	2.5	4.3	2.0
A	12.0	9.2	7.4	4.3	4.4	2.4	4.6	2.3
S	12.1	8.2	7.2	4.3	4.2	2.1	4.5	2.9
O	12.5	8.8	8.3	3.7	4.3	2.3	4.3	2.0
N	12.4	8.4	8.0	3.7	4.5	1.6	4.4	2.5
D	12.1	7.4	7.8	4.2	4.3	2.1	4.3	2.3
1969 J	11.3	8.1	7.4	3.9	3.3	2.5	3.6	3.1
F	11.8	8.4	7.2	4.0	3.6	2.7	3.6	1.7
M	12.0	9.0	6.7	3.0	3.4	2.2	3.4	1.9
A	13.0	9.6	7.4	2.9	3.6	2.4	4.1	2.2

SOURCE: DBS *The Labour Force.*

REFERENCE TABLE 31

LABOUR FORCE, CANADA AND BY REGION

1954 to 1969

Years and Months	Canada	Atlantic Region	Quebec	Ontario	Prairie Region	British Columbia	Canada	Atlantic Region	Quebec	Ontario	Prairie Region	British Columbia
	(Thousands of persons)						(Per cent change from same period a year age)					
1954.....	5,493	501	1,562	2,022	949	461	1.8	−1.0	1.6	3.8	−0.7	2.7
1955.....	5,610	511	1,591	2,059	969	480	2.1	2.0	1.9	1.8	2.1	4.1
1956.....	5,782	520	1,615	2,147	998	503	3.1	1.8	1.5	4.3	3.0	4.8
1957.....	6.008	537	1,678	2,238	1,019	536	3.9	3.3	3.9	4.2	2.1	6.6
1958.....	6,137	535	1,735	2,264	1,055	548	2.1	−0.4	3.4	1.2	3.5	2.2
1959.....	6,242	541	1,758	2,301	1,084	556	1.7	1.1	1.3	1.6	2.7	1.5
1960.....	6,411	550	1,803	2,377	1,115	565	2.7	1.7	2.6	3.3	2.9	1.6
1961.....	6,521	571	1,820	2,401	1,154	575	1.7	3.8	0.9	1.0	3.5	1.8
1962.....	6,615	578	1,852	2,422	1,175	590	1.4	1.2	1.8	0.9	1.8	2.6
1963.....	6,748	577	1,904	2,476	1,181	610	2.0	−0.2	2.8	2.2	0.5	3.4
1964.....	6,933	588	1,951	2,556	1,199	639	2.7	1.9	2.5	3.2	1.5	4.8
1965.....	7,141	611	2,022	2,614	1,228	666	3.0	3.9	3.6	2.3	2.4	4.2
1966.....	7,420	626	2,116	2,719	1,248	710	3.9	2.5	4.6	4.0	1.6	6.6
1967.....	7,694	635	2,196	2,834	1,268	762	3.7	1.4	3.8	4.2	1.6	7.3
1968.....	7,919	643	2,227	2,934	1,318	797	2.9	1.3	1.4	3.5	3.9	4.6
	(Seasonally adjusted)											
1968 J.....	7,759	642	2,178	2,861	1,292	780	2.4	2.6	0.6	3.0	2.1	5.4
F.....	7,788	642	2,177	2,889	1,293	786	2.6	2.4	0.5	3.8	1.7	5.8
M.....	7,771	635	2,185	2,875	1,299	785	1.3	0.6	0.1	1.9	1.1	4.1
A.....	7,848	640	2,215	2,888	1,318	787	2.8	2.1	1.8	2.1	5.6	4.7
M.....	7,868	646	2,213	2,918	1,307	787	2.1	2.5	0.0	2.9	3.0	3.8
J.....	8,020	652	2,263	2,958	1,320	805	4.0	2.8	2.8	4.2	4.1	6.9
J.....	7,946	649	2,237	2,940	1,318	799	2.6	2.0	0.5	2.9	4.1	5.5
A.....	7,948	650	2,250	2,939	1,323	801	2.6	2.5	0.6	2.7	4.5	5.3
S.....	7,988	648	2,255	2,959	1,325	800	3.4	2.4	2.1	3.8	4.7	3.9
N.....	8,0[illegible]3	644	2,250	2,995	1,336	80[illegible]	4.1	0.3	3.0	5.1	7.0	2.3
N.....	8,064	643	2,254	3,012	1,355	812	4.1	1.1	2.6	5.6	6.3	3.4
D.....	8,035	639	2,251	2,977	1,349	826	3.1	−0.8	2.8	3.6	4.7	5.1
1969 J.....	8,099	656	2,261	3,010	1,355	811	4.4	2.2	3.8	5.2	4.9	4.0
F.....	8,128	655	2,256	3,037	1,365	813	4.4	2.0	3.6	5.1	5.6	3.4
M.....	8,108	651	2,275	3,019	1,355	813	4.3	2.5	4.1	5.0	4.3	3.6
A.....	8,207	665	2,302	3,038	1,364	835	4.6	3.9	3.9	5.2	3.5	6.1

SOURCE: DBS *The Labour Force.*

REFERENCE TABLE 32

EMPLOYMENT, CANADA AND BY REGION

1954 to 1969

Years and Months	Canada	Atlantic Region	Quebec	Ontario	Prairie Region	British Columbia	Canada	Atlantic Region	Quebec	Ontario	Prairie Region	British Columbia
	(Thousands of persons)						(Per cent change from same period a year ago)					
1954.....	5,243	468	1,470	1,945	925	437	0.2	−2.1	−0.7	2.0	−1.4	1.2
1955.....	5,364	478	1,493	1,993	939	462	2.3	2.1	1.6	2.5	1.5	5.7
1956.....	5,585	489	1,535	2,096	976	489	4.1	2.3	2.8	5.2	3.9	5.8
1957.....	5,731	492	1,576	2,161	992	509	2.6	0.6	2.7	3.1	1.6	4.1
1958.....	5,706	469	1,582	2,142	1,013	501	−0.4	−4.7	0.4	−0.9	2.1	−1.6
1959.....	5,870	482	1,620	2,198	1,049	521	2.9	2.8	2.4	2.6	3.6	4.0
1960.....	5,965	492	1,639	2,249	1,069	516	1.6	2.1	1.2	2.3	1.9	−1.0
1961.....	6,055	507	1,652	2,269	1,100	527	1.5	3.0	0.8	0.9	2.9	2.1
1962.....	6,225	516	1,713	2,317	1,129	551	2.8	1.8	3.7	2.1	2.6	4.6
1962.....	6,375	522	1,762	2,382	1,138	571	2.4	1.2	2.9	2.8	0.8	3.6
1964.....	6,609	542	1,827	2,473	1,162	605	3.7	3.8	3.7	3.8	2.1	6.0
1965.....	6,862	566	1,912	2,548	1,196	639	3.8	4.4	4.7	3.0	2.9	5.6
1966.....	7,152	586	2,016	2,651	1,222	678	4.2	3.5	5.4	4.0	2.2	6.1
1967.....	7,379	593	2,080	2,745	1,238	723	3.2	1.2	3.2	3.5	1.3	6.6
1968.....	7,537	596	2,082	2,830	1,280	750	2.1	0.5	0.1	3.1	3.4	3.7
	(Seasonally adjusted)											
1968 J.....	7,415	597	2,048	2,772	1.258	737	1.7	1.9	−0.6	2.6	1.5	4.7
F.....	7,433	599	2,043	2,789	1,260	739	1.8	2.0	−0.5	3.1	1.2	4.5
M.....	7,404	593	2,046	2,769	1,262	739	0.5	0.7	−1.2	1.2	0.2	3.1
A.....	7,480	595	2,069	2,792	1,285	740	2.1	1.7	0.1	2.0	5.2	3.6
M.....	7,484	600	2,081	2,797	1,267	736	1.3	2.9	−0.5	1.7	2.2	2.2
J.....	7,583	598	2,102	2,842	1,270	754	2.6	1.4	0.8	3.4	2.6	5.3
J.....	7,533	597	2,092	2,823	1,268	749	1.4	0.3	−0.7	2.1	2.4	4.2
A.....	7,548	596	2,099	2,838	1,275	750	1.5	0.3	−1.5	2.7	3.1	3.7
S.....	7,606	600	2,112	2,857	1,283	751	2.7	1.2	1.2	3.5	4.0	2.5
O.....	7,622	592	2.097	2,887	1,296	754	3.7	−1.5	2.1	5.2	6.4	2.2
N.....	7,667	592	2,095	2,909	1,318	764	3.5	−2.0	0.9	5.6	6.2	3.1
D.....	7,651	592	2,090	2,879	1,311	784	3.0	−1.3	1.3	3.9	4.8	6.1
1969 J.....	7,753	614	2,114	2,928	1,320	773	4.6	2.8	3.2	5.6	4.9	4.9
F.....	7,779	613	2,117	2,947	1,329	770	4.7	2.3	3.6	5.7	5.5	4.2
M.....	7,771	607	2,136	2,940	1,320	773	5.0	2.4	4.4	6.2	4.6	4.6
A.....	7,842	617	2,150	2,948	1,329	798	4.8	3.7	3.9	5.6	3.4	7.8

SOURCE: DBS *The Labour Force.*

REFERENCE TABLE 33

UNEMPLOYMENT, CANADA AND BY REGION

1954 to 1969

Years and Months	Unemployed						Unemployment Rate					
	Canada	Atlantic Region	Quebec	Ontario	Prairie Region	British Columbia	Canada	Atlantic Region	Quebec	Ontario	Prairie Region	British Columbia
	(Thousands of persons)						(Per cent)					
1954.....	250	33	92	77	24	24	4.6	6.6	5.9	3.8	2.5	5.2
1955.....	245	33	98	66	30	18	4.4	6.5	6.2	3.2	3.1	3.8
1956.....	197	31	80	51	22	14	3.4	6.0	5.0	2.4	2.2	2.8
1957.....	278	45	101	77	27	27	4.6	8.4	6.0	3.4	2.6	5.0
1958.....	432	67	153	122	43	47	7.0	12.5	8.8	5.4	4.1	8.6
1959.....	372	59	138	103	35	36	6.0	10.9	7.8	4.5	3.2	6.5
1960.....	446	59	164	128	47	48	7.0	10.7	9.1	5.4	4.2	8.5
1961.....	466	64	168	132	53	49	7.1	11.2	9.2	5.5	4.6	8.5
1962.....	390	62	139	105	46	39	5.9	10.7	7.5	4.3	3.9	6.6
1963.....	374	55	142	94	44	39	5.5	9.5	7.5	3.8	3.7	6.4
1964.....	324	46	124	83	37	34	4.7	7.8	6.4	3.2	3.1	5.3
1965.....	280	45	109	66	31	28	3.9	7.4	5.4	2.5	2.5	4.2
1966.....	267	40	100	69	26	32	3.6	6.4	4.7	2.5	2.1	4.5
1967.....	315	42	116	89	29	39	4.1	6.6	5.3	3.1	2.3	5.1
1968.....	382	47	145	104	39	47	4.8	7.3	6.5	3.5	3.0	5.9
	(Seasonally adjusted)											
1968 J.....	344	45	130	89	34	43	4.4	7.0	6.0	3.1	2.6	5.5
F.....	355	43	134	100	33	47	4.6	6.7	6.2	3.5	2.6	6.0
M.....	367	42	139	106	37	46	4.7	6.6	6.4	3.7	2.8	5.9
A.....	368	45	146	96	33	47	4.7	7.0	6.6	3.3	2.5	6.0
M.....	384	46	132	121	40	51	4.9	7.1	6.0	4.1	3.1	6.5
J.....	437	54	161	116	50	51	5.4	8.3	7.1	3.9	3.8	6.3
J.....	413	52	145	117	50	50	5.2	8.0	6.5	4.0	3.8	6.3
A.....	400	54	151	101	48	51	5.0	8.3	6.7	3.4	3.6	6.4
S.....	382	48	143	102	42	49	4.8	7.4	6.3	3.4	3.2	6.1
O.....	401	52	153	108	40	48	5.0	8.1	6.8	3.6	3.0	6.0
N.....	397	51	159	103	37	48	4.9	7.9	7.1	3.4	2.7	5.9
D.....	384	47	161	98	38	42	4.8	7.4	7.2	3.3	2.8	5.1
1969 J.....	346	42	147	82	35	38	4.3	6.4	6.5	2.7	2.6	4.7
F.....	349	42	139	90	36	43	4.3	6.4	6.2	3.0	2.6	5.3
M.....	337	44	139	79	35	40	4.2	6.8	6.1	2.6	2.6	4.9
A.....	365	48	152	90	35	37	4.4	7.2	6.6	3.0	2.6	4.4

SOURCE: DBS *The Labour Force.*

REFERENCE TABLE 34

PRODUCTIVITY AND COSTS
TOTAL ALL INDUSTRIES

1947 to 1968

(1961=100)

Years	Output	Persons Employed	Output Per Person Employed	Wages and Salaries	Average Earnings Per Person Employed	Corporation Profits	Corporation Profits Per Unit of Output	Wages and Salaries Per Unit of Output
1947	54.8	79.8	68.7	33.7	42.2	52.9	96.5	61.5
1948	56.7	80.5	70.4	39.0	48.4	57.3	101.1	68.8
1949	58.4	81.1	72.0	42.1	51.9	54.8	93.8	72.1
1950	62.4	82.2	75.9	45.4	55.2	73.6	117.9	72.8
1951	67.3	84.2	79.9	53.2	63.2	82.4	122.4	79.0
1952	72.5	85.4	84.9	59.0	69.1	78.7	108.6	81.4
1953	75.5	86.5	87.3	63.8	73.8	76.2	100.9	84.5
1954	74.3	86.6	85.8	65.4	75.5	66.8	89.9	88.0
1955	82.1	88.6	92.7	69.6	78.6	86.5	105.4	84.8
1956	89.1	92.2	96.6	78.4	85.0	97.6	109.5	88.0
1957	89.5	94.6	94.6	84.3	89.1	89.2	99.7	94.2
1958	91.0	94.2	96.6	87.0	92.4	89.7	98.6	95.6
1959	95.7	96.9	98.8	92.1	95.0	102.2	106.8	96.2
1960	98.0	98.5	99.5	96.0	97.5	97.4	99.4	98.0
1961	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1962	106.9	102.8	104.0	106.5	103.6	111.4	104.2	99.6
1963	112.3	105.3	106.6	113.4	107.7	122.2	108.8	101.0
1964	119.5	109.1	109.5	123.4	113.1	140.6	117.7	103.3
1965	127.8	113.3	112.8	137.8	121.6	151.7	118.7	107.8
1966	135.5	118.1	114.7	156.1	132.2	150.1	110.8	115.2
1967	139.1	121.9	114.1	170.5	139.9	146.5	105.3	122.6
1968	145.4	124.5	116.8	185.5	149.0	171.5	118.0	127.6
	(Per cent change from previous period)							
1948	3.5	0.9	2.5	15.7	14.7	8.3	4.8	11.9
1949	3.0	0.7	2.3	7.9	7.2	−4.4	−7.2	4.8
1950	6.8	1.4	5.4	7.8	6.4	34.3	25.7	1.0
1951	7.9	2.4	5.3	17.2	14.5	12.0	3.8	8.5
1952	7.7	1.4	6.3	10.9	9.3	−4.5	−11.3	3.0
1953	4.1	1.3	2.8	8.1	6.8	−3.2	−7.1	3.8
1954	−1.6	0.1	−1.7	2.5	2.3	−12.3	−10.9	4.1
1955	10.5	2.3	8.0	6.4	4.1	29.5	17.2	−3.6
1956	8.5	4.1	4.2	12.6	8.1	12.8	3.9	3.8
1957	0.4	2.6	−2.1	7.5	4.8	−8.6	−8.9	7.0
1958	1.7	−0.4	2.1	3.2	3.7	0.6	−1.1	1.5
1959	5.2	2.9	2.3	5.9	2.8	13.9	8.3	0.6
1960	2.4	1.7	0.7	4.2	2.6	−4.7	−6.9	1.9
1961	2.0	1.5	0.5	4.2	2.6	2.7	0.6	2.0
1962	6.9	2.8	4.0	6.5	3.6	11.4	4.2	−0.4
1963	5.1	2.4	2.5	6.5	4.0	9.7	4.4	1.4
1964	6.4	3.6	2.7	8.8	5.0	15.1	8.2	2.3
1965	6.9	3.8	3.0	11.7	7.5	7.9	0.8	4.4
1966	6.0	4.2	1.7	13.3	8.7	−1.1	−6.7	6.9
1967	2.7	3.2	−0.5	9.2	5.8	−2.4	−5.0	6.4
1968	4.5	2.1	2.4	8.8	6.5	17.1	12.1	4.1

SOURCE: DBS *Indexes of Real Domestic Product by Industry (1961=100).*
DBS *The National Accounts.*
DBS *The Labour Force.*

REFERENCE TABLE 35

PRODUCTIVITY AND COSTS
COMMERCIAL NON-AGRICULTURAL INDUSTRIES

1947 to 1968

(1961=100)

Years	Output	Persons Employed	Total Man-Hours	Output Per Person Employed	Output Per Man-Hour	Wages and Salaries[1]	Average Hourly Earnings	Corporation Profits[1]	Corporation Profits Per Unit of Output	Wages and Salaries Per Unit of Output
1947	52.1	75.9	82.3	68.7	63.3	35.4	43.0	53.0	101.7	67.9
1948	54.0	78.4	85.0	68.9	63.5	41.2	48.5	57.5	106.5	76.3
1949	56.1	80.2	86.0	70.0	65.2	44.2	51.4	55.0	98.0	78.8
1950	59.9	81.8	86.6	73.2	69.2	47.7	55.1	73.9	123.4	79.6
1951	64.0	86.4	90.7	74.1	70.6	56.1	61.9	82.7	129.2	87.7
1952	67.4	88.5	92.6	76.1	72.8	62.0	67.0	78.8	116.9	92.0
1953	71.5	89.9	93.5	79.5	76.4	67.0	71.7	76.2	106.6	93.7
1954	72.2	88.7	91.3	81.4	79.0	68.1	74.6	66.9	92.7	94.3
1955	79.3	91.5	93.7	86.7	84.6	72.3	77.2	86.7	109.3	91.2
1956	86.8	97.0	99.6	89.5	87.2	81.8	82.1	97.7	112.6	94.2
1957	88.6	99.8	101.8	88.7	87.0	87.7	86.1	89.2	100.7	99.0
1958	89.1	97.3	98.8	91.6	90.2	89.2	90.3	89.8	100.8	100.1
1959	94.7	99.7	101.3	95.0	93.5	94.1	92.9	102.1	107.8	99.4
1960	96.5	99.6	100.6	96.9	95.9	97.2	96.6	97.3	100.8	100.7
1961	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1962	106.5	103.1	103.2	103.3	103.2	106.4	103.1	111.3	104.5	99.9
1963	112.0	105.6	105.0	106.0	106.6	112.9	107.5	121.9	108.8	100.8
1964	120.8	110.3	109.6	109.5	110.2	122.8	112.0	140.1	116.0	101.7
1965	129.6	116.5	115.2	111.2	112.5	137.8	119.6	150.9	116.4	106.3
1966	137.4	122.3	119.5	112.4	115.0	155.8	130.4	148.9	108.4	113.4
1967	141.7	124.2	121.2	114.0	116.9	168.9	139.4	145.0	102.3	119.2
1968[2]	147.9	126.1	122.1	117.3	121.1	182.2	149.2	170.7	115.4	123.2
	(Per cent change from previous period)									
1948	3.6	3.3	3.3	0.3	0.3	16.4	12.8	8.5	4.7	12.4
1949	3.9	2.3	1.2	1.6	2.7	7.3	6.0	−4.3	−8.0	3.3
1950	6.8	2.0	0.7	4.6	6.1	7.9	7.2	34.4	25.9	1.0
1951	6.8	5.6	4.7	1.2	2.0	17.6	12.3	11.9	4.7	10.2
1952	5.3	2.4	2.1	2.7	3.1	10.5	8.2	−4.7	−9.5	4.9
1953	6.1	1.6	1.0	4.5	4.9	8.1	7.0	−3.3	−8.8	1.8
1954	1.0	−1.3	−2.4	2.4	3.4	1.6	4.0	−12.2	−13.0	0.6
1955	9.8	3.2	2.6	6.5	7.1	6.2	3.5	29.6	17.9	−3.3
1956	9.5	6.0	6.3	3.2	3.1	13.1	6.3	12.7	3.0	3.3
1957	2.1	2.9	2.2	−0.9	−0.2	7.2	4.9	−8.3	−10.6	5.1
1958	0.6	−2.5	−2.9	3.3	3.7	1.7	4.9	0.7	0.1	1.1
1959	6.3	2.5	2.5	3.7	3.7	5.5	2.9	13.7	6.9	−0.7
1960	1.9	−0.1	−0.7	2.0	2.6	3.3	4.0	−4.7	−6.5	1.3
1961	3.6	0.4	−0.6	3.2	4.3	2.9	3.5	2.8	−0.8	−0.7
1962	6.5	3.1	3.2	3.3	3.2	6.4	3.1	11.3	4.5	−0.1
1963	5.2	2.4	1.7	2.6	3.3	6.1	4.3	9.5	4.1	0.9
1964	7.9	4.5	4.4	3.3	3.4	8.8	4.2	14.9	6.6	0.9
1965	7.3	5.6	5.1	1.6	2.1	12.2	6.8	7.7	0.3	4.5
1966	6.0	5.0	3.7	1.1	2.2	13.1	9.0	−1.3	−6.9	6.7
1967	3.1	1.6	1.4	1.4	1.7	8.4	6.9	−2.6	−5.6	5.1
1968[2]	4.4	1.5	0.7	2.9	3.6	7.9	7.0	17.7	12.8	3.4

[1]Estimated by the Department of Finance.

[2]Figures are based on preliminary productivity estimates (DBS *Daily Bulletin*, Friday, April 18, 1969) and updated by recently revised output indexes.

SOURCE: DBS *Aggregate Productivity Trends.*
DBS *The National Accounts.*

REFERENCE TABLE 36

PRODUCTIVITY AND COSTS
NON-AGRICULTURAL GOODS-PRODUCING INDUSTRIES

1947 to 1968

(1961=100)

Years	Output	Persons Employed	Total Man-Hours	Output Per Person Employed	Output Per Man-Hour	Wages and Salaries(1)	Average Hourly Earnings	Corporation Profits(1)	Corporation Profits Per Unit of Output	Wages and Salaries Per Unit of Output
1947	48.5	85.9	92.3	56.5	52.5	38.7	41.9	58.4	120.4	79.8
1948	51.3	88.2	94.8	58.2	54.1	45.2	47.7	65.3	127.3	88.1
1949	53.3	89.9	95.3	59.3	55.9	47.4	49.7	62.6	117.4	88.9
1950	57.6	92.1	97.1	62.5	59.3	51.7	53.2	84.7	147.0	89.8
1951	62.4	98.7	103.5	63.3	60.3	61.7	59.6	94.3	151.1	98.9
1952	65.5	100.0	104.4	65.5	62.7	68.2	65.3	85.0	129.8	104.1
1953	70.6	100.8	105.5	70.0	66.9	73.6	69.8	83.5	118.3	104.2
1954	71.0	97.0	99.6	73.2	71.3	73.1	73.4	73.8	103.9	103.0
1955	78.8	100.4	102.7	78.5	76.7	77.4	75.4	94.2	119.7	98.2
1956	87.3	106.3	109.1	82.1	80.1	88.8	81.4	104.6	119.8	101.7
1957	89.2	107.3	109.1	83.1	81.8	93.9	86.1	95.2	106.7	105.3
1958	89.1	101.3	102.6	88.0	86.8	93.5	91.1	89.4	100.3	104.9
1959	94.8	103.3	105.2	91.7	90.1	97.2	92.4	103.3	109.0	102.5
1960	96.5	101.6	102.7	95.0	93.9	99.3	96.7	96.3	99.8	102.9
1961	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1962	108.6	102.8	103.6	105.7	104.8	107.0	103.3	113.4	104.4	98.5
1963	114.6	104.7	105.1	109.4	109.0	112.6	107.1	125.5	109.5	98.3
1964	125.9	109.3	110.1	115.2	114.4	122.6	111.4	141.1	112.1	97.4
1965	137.3	115.4	116.1	119.0	118.3	138.8	119.6	149.7	109.0	101.1
1966	146.8	120.6	120.7	121.7	121.6	158.4	131.2	144.8	98.6	107.9
1967	149.3	120.0	119.8	124.4	124.6	168.4	140.6	141.0	94.4	112.8
1968(2)	157.1	120.2	119.7	130.7	131.2	178.5	149.1	170.2	108.3	113.6
	(Per cent change from previous period)									
1948	5.8	2.7	2.7	3.0	3.0	16.8	13.8	11.8	5.7	10.4
1949	3.9	1.9	0.5	1.9	3.3	4.9	4.2	−4.1	−7.8	0.9
1950	8.1	2.4	1.9	5.4	6.1	9.1	7.0	35.3	25.2	1.0
1951	8.3	7.2	6.6	1.3	1.7	19.3	12.0	11.3	2.8	10.1
1952	5.0	1.3	0.9	3.5	4.0	10.5	9.6	−9.9	−14.1	5.3
1953	7.8	0.8	1.1	6.9	6.7	7.9	6.9	−1.8	−8.9	0.1
1954	0.6	−3.8	−5.6	4.6	6.6	−0.7	5.2	−11.6	−12.2	−1.2
1955	11.0	3.5	3.1	7.2	7.6	5.9	2.7	27.8	15.2	−4.7
1956	10.8	5.9	6.2	4.6	4.4	14.7	8.0	10.9	0.1	3.6
1957	2.2	0.9	0.0	1.2	2.1	5.7	5.8	−9.0	−10.9	3.5
1958	−0.1	−5.6	−6.0	5.9	6.1	−0.4	5.8	−6.1	−6.0	−0.4
1959	6.4	2.0	2.5	4.2	3.8	4.0	1.4	15.5	8.7	−2.3
1960	1.8	−1.6	−2.4	3.6	4.2	2.2	4.7	−6.8	−8.4	0.4
1961	3.6	−1.6	−2.6	5.3	6.5	0.7	3.4	3.8	0.2	−2.8
1962	8.6	2.8	3.6	5.7	4.8	7.0	3.3	13.4	4.4	−1.5
1963	5.5	1.8	1.4	3.5	4.0	5.2	3.7	10.7	4.9	−0.2
1964	9.9	4.4	4.8	5.3	4.9	8.9	4.0	12.4	2.4	−0.9
1965	9.1	5.6	5.4	3.3	3.4	13.2	7.4	6.1	−2.8	3.8
1966	6.9	4.5	4.0	2.3	2.8	14.1	9.7	−3.3	−9.5	6.7
1967	1.7	−0.5	−0.7	2.3	2.5	6.3	7.2	−2.6	−4.3	4.5
1968(2)	5.2	0.2	−0.1	5.1	5.3	6.0	6.0	20.7	14.7	0.7

(1)Estimated by the Department of Finance.
(2)See footnote (2) on reference table 35.

SOURCE: DBS *Aggregate Productivity Trends.*
DBS *The National Accounts.*

REFERENCE TABLE 37

PRODUCTIVITY AND COSTS
COMMERCIAL SERVICE-PRODUCING INDUSTRIES

1947 to 1968

(1961=100)

Years	Output	Persons Employed	Total Man-Hours	Output Per Person Employed	Output Per Man-Hour	Wages and Salaries[1]	Average Hourly Earnings	Corporation Profits[1]	Corporation Profits Per Unit of Output	Wages and Salaries Per Unit of Output
1947	55.8	66.6	73.6	83.7	75.9	31.6	42.9	44.1	79.0	56.6
1948	56.9	69.4	76.5	82.0	74.3	36.6	47.8	44.6	78.4	64.3
1949	59.1	71.3	78.0	82.9	75.7	40.4	51.8	42.3	71.6	68.4
1950	62.2	72.4	77.6	85.9	80.2	43.2	55.7	55.8	89.7	69.5
1951	65.7	75.1	79.6	87.5	82.5	49.6	62.3	63.3	96.3	75.5
1952	69.4	78.0	82.4	89.0	84.3	54.8	66.5	68.4	98.6	79.0
1953	72.4	79.9	83.2	90.6	87.0	59.4	71.4	64.1	88.5	82.0
1954	73.3	81.0	84.1	90.5	87.1	62.3	74.1	55.2	75.3	85.0
1955	79.4	83.4	86.0	95.2	92.4	66.3	77.1	73.9	93.1	83.4
1956	85.6	88.6	91.5	96.6	93.6	73.7	80.5	86.1	100.6	86.1
1957	87.6	93.1	95.6	94.1	91.7	80.4	84.1	79.2	90.4	91.8
1958	88.7	93.5	95.3	94.9	93.0	84.2	88.4	90.5	102.0	94.9
1959	94.1	96.4	98.0	97.6	96.0	90.0	91.8	100.2	106.5	95.6
1960	96.3	97.7	98.7	98.5	97.6	94.6	95.8	99.0	102.8	98.2
1961	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1962	104.5	103.4	102.9	101.1	101.6	105.6	102.6	107.8	103.2	101.1
1963	109.3	106.2	104.8	102.9	104.3	113.3	108.1	115.7	105.9	103.7
1964	115.6	110.9	109.0	104.2	106.0	123.1	112.9	138.3	119.6	106.5
1965	122.0	117.0	114.2	104.2	106.9	136.7	119.7	152.8	125.2	112.0
1966	128.0	122.9	117.8	104.2	108.7	152.8	129.7	155.6	121.6	119.4
1967	134.0	127.3	121.9	105.3	110.0	169.4	139.0	151.6	113.1	126.4
1968[2]	138.3	130.6	123.5	105.9	112.0	186.4	150.9	171.8	124.2	134.8
	(Per cent change from previous period)									
1948	2.0	4.2	3.9	−2.0	−2.1	15.8	11.4	1.1	−0.8	13.6
1949	3.9	2.7	2.0	1.1	1.9	10.4	8.4	−5.2	−8.7	6.4
1950	5.2	1.5	−0.5	3.6	5.9	6.9	7.5	31.9	25.3	1.6
1951	5.6	3.7	2.6	1.9	2.9	14.8	11.8	13.4	7.4	8.6
1952	5.6	3.9	3.5	1.7	2.2	10.5	6.7	8.1	2.4	4.6
1953	4.3	2.4	1.0	1.8	3.2	8.4	7.4	−6.3	−10.2	3.8
1954	1.2	1.4	1.1	−0.1	0.1	4.9	3.8	−13.9	−14.9	3.7
1955	8.3	3.0	2.3	5.2	6.1	6.4	4.0	33.9	23.6	−1.9
1956	7.8	6.2	6.4	1.5	1.3	11.2	4.4	16.5	8.1	3.2
1957	2.3	5.1	4.5	−2.6	−2.0	9.1	4.5	−8.0	−10.1	6.6
1958	1.3	0.4	−0.3	0.9	1.4	4.7	5.1	14.3	12.8	3.4
1959	6.1	3.1	2.8	2.8	3.2	6.9	3.8	10.7	4.4	0.7
1960	2.3	1.3	0.7	0.9	1.7	5.1	4.4	−1.2	−3.5	2.7
1961	3.8	2.4	1.3	1.5	2.5	5.7	4.4	1.0	−2.7	1.8
1962	4.5	3.4	2.9	1.1	1.6	5.6	2.6	7.8	3.2	1.1
1963	4.6	2.7	1.8	1.8	2.7	7.3	5.4	7.3	2.6	2.6
1964	5.8	4.4	4.0	1.3	1.6	8.6	4.4	19.5	12.9	2.7
1965	5.5	5.5	4.8	0.0	0.8	11.0	6.0	10.5	4.7	5.2
1966	4.9	5.0	3.2	0.0	1.7	11.8	8.4	1.8	−2.9	6.6
1967	4.7	3.6	3.5	1.1	1.2	10.9	7.2	−2.6	−7.0	5.9
1968[2]	3.2	2.6	1.3	0.6	1.8	10.0	8.6	13.3	9.8	6.6

[1]Estimated by the Department of Finance.

[2]See footnote (2) on reference table 35.

SOURCE: DBS *Aggregate Productivity Trends.*
DBS *The National Accounts.*

REFERENCE TABLE 38

PRODUCTIVITY AND COSTS
MANUFACTURING INDUSTRIES

1947 to 1968

(1961=100)

Years	Output	Persons Employed	Total Man-Hours	Output Per Person Employed	Output Per Man-Hour	Wages and Salaries	Average Hourly Earnings	Corporation Profits	Corporation Profits Per Unit of Output	Wages and Salaries Per Unit of Output
1947	55.4	86.8	93.4	63.8	59.3	39.9	42.7	63.8	115.1	72.0
1948	57.8	88.8	95.9	65.1	60.2	46.1	48.1	69.7	120.6	79.8
1949	59.5	90.2	95.6	66.0	62.2	48.6	50.8	66.8	112.3	81.7
1950	63.4	91.7	96.3	69.1	65.8	52.1	54.1	90.0	142.0	82.2
1951	68.9	97.3	100.3	70.8	68.7	61.4	61.2	98.9	143.5	89.1
1952	71.5	99.9	101.9	71.6	70.2	68.2	66.9	90.9	127.1	95.4
1953	76.6	103.0	105.6	74.4	72.5	74.1	70.2	89.8	117.2	96.7
1954	74.9	98.6	99.2	76.0	75.5	73.3	73.9	76.3	101.9	97.9
1955	82.2	101.1	102.3	81.3	80.4	77.7	76.0	97.4	118.5	94.5
1956	89.9	105.3	107.3	85.4	83.8	86.1	80.2	105.9	117.8	95.8
1957	89.7	105.8	106.4	84.8	84.3	91.0	85.5	94.5	105.4	101.4
1958	88.0	100.5	101.2	87.5	87.0	90.9	89.8	90.1	102.4	103.3
1959	94.5	101.7	103.0	92.9	91.8	95.8	93.0	106.6	112.8	101.4
1960	96.1	100.5	101.0	95.7	95.2	98.9	97.9	97.5	101.5	102.9
1961	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1962	110.5	102.7	103.1	107.6	107.1	107.3	104.1	116.8	105.7	97.1
1963	118.0	105.2	105.6	112.1	111.7	113.6	107.6	131.5	111.4	96.3
1964	129.2	110.0	111.0	117.4	116.4	123.5	111.3	143.0	110.7	95.6
1965	141.0	115.7	116.1	121.8	121.5	137.2	118.2	152.5	108.2	97.3
1966	151.2	121.2	120.7	124.8	125.2	153.9	127.5	148.0	97.9	101.8
1967	151.7	121.3	121.1	125.1	125.3	163.3	134.8	142.4	93.9	107.6
1968[1]	159.4	121.8	121.6	130.9	131.1	174.4	143.4	177.4	111.3	109.4
	(Per cent change from previous period)									
1948	4.3	2.3	2.7	2.0	1.5	15.5	12.6	9.2	4.7	10.8
1949	2.9	1.6	−0.3	1.4	3.3	5.4	5.6	−4.2	−6.9	2.4
1950	6.6	1.7	0.7	4.7	5.8	7.2	6.5	34.7	26.4	0.6
1951	8.7	6.1	4.2	2.5	4.4	17.9	13.1	9.9	1.1	8.4
1952	3.8	2.7	1.6	1.1	2.2	11.1	9.3	−8.1	−11.4	7.1
1953	7.1	3.1	3.6	3.9	3.3	8.7	4.9	−1.2	−7.8	1.4
1954	−2.2	−4.3	−6.1	2.2	4.1	−1.1	5.3	−15.0	−13.1	1.2
1955	9.7	2.5	3.1	7.0	6.5	6.0	2.8	27.7	16.3	−3.5
1956	9.4	4.2	4.9	5.0	4.2	10.8	5.5	8.7	−0.6	1.4
1957	−0.2	0.5	−0.8	−0.7	0.6	5.7	6.6	−10.8	−10.5	5.8
1958	−1.9	−5.0	−4.9	3.2	3.2	−0.1	5.0	−4.7	−2.8	1.9
1959	7.4	1.2	1.8	6.2	5.5	5.4	3.6	18.3	10.2	−1.8
1960	1.7	−1.2	−1.9	3.0	3.7	3.2	5.3	−8.5	−10.0	1.5
1961	4.1	−0.5	−1.0	4.5	5.0	1.1	2.1	2.6	−1.5	−2.8
1962	10.5	2.7	3.1	7.6	7.1	7.3	4.1	16.8	5.7	−2.9
1963	6.8	2.4	2.4	4.2	4.3	5.9	3.4	12.6	5.4	−0.8
1964	9.5	4.6	5.1	4.7	4.2	8.7	3.4	8.7	−0.6	−0.7
1965	9.1	5.2	4.6	3.7	4.4	11.1	6.2	6.6	−2.3	1.8
1966	7.2	4.8	4.0	2.5	3.0	12.2	7.9	−3.0	−9.5	4.6
1967	0.3	0.1	0.3	0.2	0.1	6.1	5.7	−3.8	−4.1	5.7
1968[1]	5.1	0.4	0.4	4.6	4.6	6.8	6.4	24.6	18.5	1.7

[1]See footnote (2) on reference table 35.

SOURCES: DBS *Aggregate Productivity Trends.*
DBS *The National Accounts.*

REFERENCE TABLE 39

GROSS NATIONAL EXPENDITURE IMPLICIT PRICE INDEXES[1]

1947 to 1968

(1957=100)

Years and Quarters	Personal Expenditure on Consumer Goods and Services				Government Expenditure on Goods and Services	Business Gross Fixed Capital Formation				Exports of Goods and Services	Imports of Goods and Services	Gross National Expenditure
	Total	Non-Durables	Durables	Services		Total	New Residential Construction	New Non-Residential Construction	New Machinery and Equipment			
1947	68.3	72.5	74.7	60.4	55.8	58.3	57.4	58.1	59.2	74.1	72.9	64.4
1948	77.3	84.5	85.5	64.0	63.3	66.2	67.6	65.4	66.4	81.4	81.5	72.6
1949	80.1	87.1	87.3	67.5	67.0	69.7	70.8	68.1	70.7	84.3	84.1	75.6
1950	82.7	88.9	88.4	71.8	70.0	73.7	75.1	71.9	74.7	88.2	90.2	77.9
1951	91.2	99.3	100.3	76.5	78.1	83.6	87.2	80.5	84.5	98.0	100.8	86.3
1952	93.7	99.8	101.8	81.9	81.5	86.5	89.7	86.4	85.4	96.9	93.0	90.5
1953	93.6	97.2	100.6	85.9	84.4	88.8	91.2	89.7	87.1	94.7	93.3	90.9
1954	94.9	96.9	99.7	90.2	87.5	89.5	91.9	89.5	88.3	94.0	93.5	93.1
1955	95.0	96.4	94.8	93.0	90.1	91.7	93.9	92.2	90.0	97.8	94.4	93.5
1956	96.7	97.4	96.1	95.9	95.1	96.6	97.4	97.1	95.6	100.5	97.4	97.1
1957	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1958	102.6	102.3	101.5	103.6	101.1	102.2	102.4	101.6	102.8	99.6	101.5	101.9
1959	104.1	102.5	103.3	106.4	104.6	105.1	106.2	104.7	104.7	101.1	100.9	104.5
1960	105.1	103.1	103.2	108.4	108.0	107.4	109.1	107.2	106.7	101.8	101.9	106.1
1961	105.9	103.9	101.1	110.1	110.3	108.3	109.8	107.6	108.3	103.4	105.0	106.8
1962	107.3	105.1	100.9	112.3	113.3	111.3	113.0	110.0	111.6	106.6	109.3	108.4
1963	108.8	106.9	101.2	113.9	117.9	114.7	116.8	113.7	114.5	107.9	112.5	110.3
1964	110.5	108.7	100.2	116.5	121.7	119.7	123.2	118.7	118.8	110.1	113.9	113.2
1965	112.7	110.9	99.9	119.8	127.8	124.9	129.3	125.9	122.0	111.6	114.4	116.6
1966	116.5	115.5	99.8	124.3	135.8	129.7	137.1	132.7	124.5	115.3	116.8	122.0
1967	120.4	117.7	102.5	130.8	142.3	132.3	145.6	139.2	122.4	117.4	118.1	126.4
1968	125.0	122.1	103.9	137.1	151.6	136.2	155.3	145.2	121.5	118.6	120.8	130.9
	(Seasonally adjusted at annual rates)											
1966 I	115.1	114.2	99.1	122.5	134.1	127.4	133.8	129.9	122.8	113.7	115.7	119.9
II	116.5	115.3	100.1	123.7	134.3	129.2	135.7	131.7	124.3	114.5	116.3	121.3
III	116.8	115.8	99.5	124.7	136.8	130.4	138.6	133.5	125.3	116.7	117.1	122.9
IV	117.8	116.4	100.7	126.1	137.9	131.6	141.2	135.4	125.5	116.4	117.9	123.8
1967 I	118.4	116.3	100.9	127.5	141.9	132.6	141.8	137.1	126.4	116.9	117.7	125.2
II	119.7	117.1	102.1	130.2	140.6	131.7	144.4	139.1	122.3	117.3	118.0	125.8
III	121.3	118.5	102.9	132.4	143.4	131.6	146.3	139.9	120.2	117.7	117.9	127.1
IV	122.1	118.9	104.0	133.2	143.5	133.1	149.2	140.9	120.2	117.7	118.8	127.7
1968 I	123.5	120.8	103.9	134.5	149.5	133.7	151.7	142.6	120.7	118.4	120.1	129.5
II	124.5	121.8	104.1	135.8	149.3	136.0	154.3	144.8	121.1	118.7	120.6	130.2
III	125.3	122.3	103.6	137.8	153.4	136.9	156.5	145.8	122.1	118.7	120.8	131.5
IV	126.6	123.3	104.0	140.0	154.0	138.3	158.2	147.4	122.2	118.8	121.7	132.5

[1]These implicit indexes are currently weighted price indexes. They reflect not only pure price changes, but also changing expenditure patterns within and between major groups. The implicit price index for Gross National Expenditure is derived by dividing the total of current dollars by the total of constant dollars.

SOURCE: DBS *The National Accounts.*

REFERENCE TABLE 40

CHANGES IN GROSS NATIONAL EXPENDITURE IMPLICIT PRICE INDEXES[1]

1947 to 1968

Years and Quarters	Personal Expenditure on Consumer Goods and Services				Government Expenditure on Goods and Services	Business Gross Fixed Capital Formation				Exports of Goods and Services	Imports of Goods and Services	Gross National Expenditure
	Total	Non-Durables	Durables	Services		Total	New Residential Construction	New Non-Residential Construction	New Machinery and Equipment			
	(Per cent change from previous period)											
1947	9.6	n.a.	n.a.	n.a.	6.4	11.0	12.7	11.5	11.3	12.7	12.0	9.7
1948	13.2	16.6	14.5	6.0	13.4	13.6	17.8	12.6	12.2	9.9	11.8	12.7
1949	3.6	3.1	2.1	5.5	5.8	5.3	4.7	4.1	6.5	3.6	3.2	4.1
1950	3.2	2.1	1.3	6.4	4.5	5.7	6.1	5.6	5.7	4.6	7.3	3.0
1951	10.3	11.7	13.5	6.5	11.6	13.4	16.1	12.0	13.1	11.1	11.8	10.8
1952	2.7	0.5	1.5	7.1	4.4	3.5	2.9	7.3	1.1	−1.1	−7.7	4.9
1953	−0.1	−2.6	−1.2	4.9	3.6	2.7	1.7	3.8	2.0	−2.3	0.3	0.4
1954	1.4	−0.3	−0.9	5.0	3.7	0.8	0.8	−0.2	1.4	−0.7	0.2	2.4
1955	0.1	−0.5	−4.9	3.1	3.0	2.5	2.2	3.0	1.9	4.0	1.0	0.4
1956	1.8	1.0	1.4	3.1	5.5	5.3	3.7	5.3	6.2	2.8	3.2	3.9
1957	3.4	2.7	4.1	4.3	5.2	3.5	2.7	3.0	4.6	−0.5	2.7	3.0
1958	2.6	2.3	1.5	3.6	1.1	2.2	2.4	1.6	2.8	−0.4	1.5	1.9
1959	1.5	0.2	1.8	2.7	3.5	2.8	3.7	3.1	1.8	1.5	−0.6	2.6
1960	1.0	0.6	−0.1	1.9	3.3	2.2	2.7	2.4	1.9	0.7	1.0	1.5
1961	0.8	0.8	−2.0	1.6	2.1	0.8	0.6	0.4	1.5	1.6	3.0	0.7
1962	1.3	1.2	−0.2	2.0	2.7	2.8	2.9	2.2	3.0	3.1	4.1	1.5
1963	1.4	1.7	0.3	1.4	4.1	3.1	3.4	3.4	2.6	1.2	2.9	1.8
1964	1.6	1.7	−1.0	2.3	3.2	4.4	5.5	4.4	3.8	2.0	1.2	2.6
1965	2.0	2.0	−0.3	2.8	5.0	4.3	5.0	6.1	2.7	1.4	0.4	3.0
1966	3.4	4.1	−0.1	3.8	6.3	3.8	6.0	5.4	2.0	3.3	2.1	4.6
1967	3.3	1.9	2.7	5.2	4.8	2.0	6.2	4.9	−1.7	1.8	1.1	3.6
1968	3.8	3.7	1.4	4.8	6.5	2.9	6.7	4.3	−0.7	1.0	2.3	3.6
	(Seasonally adjusted)											
1966 I	1.2	1.8	−0.6	1.2	2.6	1.0	1.7	1.3	0.6	0.9	0.3	1.5
II	1.2	1.0	1.0	1.0	0.1	1.4	1.4	1.4	1.2	0.7	0.5	1.2
III	0.3	0.4	−0.6	0.8	1.9	0.9	2.1	1.4	0.8	1.9	0.7	1.3
IV	0.9	0.5	1.2	1.1	0.8	0.9	1.9	1.4	0.2	−0.3	0.7	0.7
1967 I	0.5	−0.1	0.2	1.1	2.9	0.8	0.4	1.3	0.7	0.4	−0.2	1.1
II	1.1	0.7	1.2	2.1	−0.9	−0.7	1.8	1.5	−3.2	0.3	0.3	0.5
III	1.3	1.2	0.8	1.7	2.0	−0.1	1.3	0.6	−1.7	0.3	−0.1	1.0
IV	0.7	0.3	1.1	0.6	0.1	1.1	2.0	0.7	—	—	0.8	0.5
1968 I	1.1	1.6	−0.1	1.0	4.2	0.5	1.7	1.2	0.4	0.6	1.1	1.4
II	0.8	0.8	0.2	1.0	−0.1	1.7	1.7	1.5	0.3	0.3	0.4	0.5
III	0.6	0.4	−0.5	1.5	2.7	0.7	1.4	0.7	0.8	—	0.2	1.0
IV	1.0	0.8	0.4	1.6	0.4	1.0	1.1	1.1	0.1	0.1	0.7	0.8

[1]See footnote (1) reference table 39.

SOURCE: DBS *The National Accounts.*

REFERENCE TABLE 41

CONSUMER PRICE INDEXES: STANDARD CLASSIFICATIONS

1947 to 1969

(1961=100)

Years and Months	All Items	Food	Housing	Clothing	Transportation	Health and Personal Care	Recreation and Reading	Tobacco and Alcohol
(Weights)	(100.0)	(26.7)	(32.2)	(11.3)	(12.0)	(6.6)	(4.7)	(6.5)
1947	65.6	64.1	n.a.	70.1	n.a.	n.a.	n.a.	n.a.
1948	75.1	78.6	n.a.	85.0	n.a.	n.a.	n.a.	n.a.
1949	77.4	80.6	75.1	88.9	71.1	64.4	68.4	86.0
1950	79.6	82.7	78.2	88.6	75.0	65.6	69.8	88.3
1951	88.0	94.4	85.4	97.6	80.4	71.5	75.1	95.9
1952	90.2	94.2	88.6	99.4	83.5	75.9	79.2	97.4
1953	89.4	90.8	90.1	97.9	84.8	77.3	79.9	92.9
1954	89.9	90.5	91.3	97.2	85.3	80.2	81.8	92.3
1955	90.1	90.4	91.9	96.0	84.3	81.6	83.9	92.3
1956	91.4	91.5	93.2	96.5	87.7	83.7	85.8	92.6
1957	94.3	95.6	95.1	96.4	92.4	89.0	88.8	94.1
1958	96.8	98.5	96.8	97.5	95.2	93.6	94.7	95.1
1959	97.9	97.7	98.6	97.7	98.4	96.7	97.0	98.0
1960	99.1	98.5	99.6	98.6	99.8	99.5	98.8	99.6
1961[1]	100.0	100.0[2]	100.0	100.0	100.0	100.0	100.0	100.0
1962	101.2	101.8	101.2	100.9	99.9	102.0	100.8	101.3
1963	103.0	105.1	102.3	103.4	99.9	104.6	102.2	101.5
1964	104.8	106.8	103.9	106.0	101.0	108.0	103.9	103.4
1965	107.4	109.6	105.8	107.9	104.8	113.0	105.6	105.1
1966	111.4	116.6	108.7	112.0	107.3	116.5	108.6	107.6
1967	115.4	118.1	113.4	117.6	111.8	122.5	114.1	110.4
1968	120.1	122.0	118.6	121.1	114.7	127.4	119.7	120.4
	(Not seasonally adjusted)							
1968 J	118.1	121.3	116.1	118.6	113.8	124.7	116.5	117.2
F	118.2	120.8	116.7	119.1	113.2	125.1	117.6	117.3
M	118.6	119.9	117.1	120.5	114.0	125.1	118.1	119.0
A	119.3	120.8	117.6	121.2	114.4	126.9	117.8	121.2
M	119.3	120.1	117.9	120.7	114.5	127.4	119.2	121.3
J	119.7	120.5	118.3	121.2	115.1	127.4	119.2	121.3
J	120.4	122.5	118.8	121.0	115.1	128.0	119.6	121.3
A	120.7	123.9	118.9	120.6	115.1	128.2	119.9	121.3
S	121.1	123.4	119.8	121.2	115.4	128.5	121.0	121.3
O	121.4	122.9	120.3	122.8	114.9	129.0	121.4	121.3
N	121.9	123.4	120.9	123.4	115.7	129.4	123.3	121.3
D	122.3	124.5	121.0	123.4	115.7	129.4	123.3	121.3
1969 J	122.6	125.1	121.9	121.5	116.3	129.5	124.2	121.3
F	122.6	123.9	122.3	121.8	117.3	129.6	124.7	121.9
M	123.2	123.8	122.8	123.8	118.3	129.5	125.1	121.9
A	124.6	125.0	123.7	124.3	119.9	133.7	125.4	125.5

[1]1957 weights replace 1947–48 weights beginning January 1961.

[2]The system of variable weights for seasonal foods was revised beginning January 1961.

SOURCE: DBS *Prices and Price Indexes*, Monthly, Cat. 62-002.

DBS *The Consumer Price Index (1949=100): Revision Based on 1957 Expenditures*, Occasional, Cat. 62-518.

REFERENCE TABLE 42

CHANGES IN THE CONSUMER PRICE INDEXES: STANDARD CLASSIFICATIONS

1947 to 1969

(1961=100)

Years and Months	All Items	Food	Housing	Clothing	Trans-portation	Health and Personal Care	Recreation and Reading	Tobacco and Alcohol
	(Per cent change from same period a year ago)							
1947	9.4	13.6	n.a.	14.0	n.a.	n.a.	n.a.	n.a.
1948	2.3	22.6	n.a.	21.3	n.a.	n.a.	n.a.	n.a.
1949	3.1	2.5	n.a.	4.6	n.a.	n.a.	n.a.	n.a.
1950	2.8	2.6	4.1	−0.3	5.5	1.9	2.0	2.7
1951	10.6	14.1	9.2	10.2	7.2	9.0	7.6	8.6
1952	2.5	−0.2	3.7	1.8	3.9	6.2	5.5	1.6
1953	−0.9	−3.6	1.7	−1.5	1.6	1.8	0.9	−4.6
1954	0.6	−0.3	1.3	−0.7	0.6	3.8	2.4	−0.6
1955	0.2	−0.1	0.7	−1.2	−1.2	1.7	2.6	0.0
1956	1.4	1.2	1.4	0.5	4.0	2.6	2.3	0.3
1957	3.2	4.5	2.0	−0.1	5.4	6.3	3.5	1.6
1958	2.7	3.0	1.8	1.1	3.0	5.2	6.6	1.1
1959	1.1	−0.8	1.9	0.2	3.4	3.3	2.4	3.0
1960	1.2	0.8	1.0	0.9	1.4	2.9	1.9	1.6
1961[1]	0.9	1.5[2]	0.4	1.4	0.2	0.5	1.2	0.4
1962	1.2	1.8	1.2	0.9	−0.1	2.0	0.8	1.3
1963	1.8	3.2	1.1	2.5	0.0	2.5	1.4	0.2
1964	1.7	1.6	1.6	2.5	1.1	3.3	1.7	1.9
1965	2.5	2.6	1.8	1.8	3.8	4.6	1.6	1.6
1966	3.7	6.4	2.7	3.8	2.4	3.1	2.8	2.4
1967	3.6	1.3	4.3	5.0	4.2	5.2	5.1	2.6
1968	4.1	3.3	4.6	3.1	2.6	4.0	4.9	9.1
	(Not seasonally adjusted)							
1968 J	4.5	3.8	4.8	3.8	4.6	4.7	5.1	7.7
F	4.5	4.0	5.2	3.7	2.7	4.9	5.0	7.6
M	4.6	3.7	5.1	3.6	3.0	4.9	5.4	8.6
A	4.3	4.0	4.3	3.4	2.4	3.8	4.8	10.4
M	4.1	3.6	4.3	3.0	2.4	3.6	4.6	10.3
J	3.9	3.2	4.2	2.9	2.3	3.7	4.2	10.2
J	3.5	2.3	4.2	2.7	2.2	3.8	4.1	10.2
A	3.3	1.6	4.0	2.6	2.4	3.7	4.4	9.7
S	3.9	3.0	4.5	1.3	2.4	4.3	4.8	9.7
O	4.2	3.1	4.7	3.4	2.3	3.7	4.7	9.7
N	4.3	3.4	4.9	3.2	3.0	3.7	5.7	9.6
D	4.1	3.9	4.8	3.1	1.9	3.7	6.1	6.0
1969 J	3.8	3.1	5.0	2.4	2.2	3.8	6.6	3.5
F	3.7	2.6	4.8	2.3	3.6	3.6	6.0	3.9
M	3.9	3.3	4.9	2.7	3.8	3.5	5.9	2.4
A	4.4	3.5	5.2	2.6	4.8	5.4	6.5	3.5

[1],[2] See footnotes (1) and (2) on reference table 41.

SOURCE: DBS *Prices and Prices Indexes.*

REFERENCE TABLE 43

CONSUMER PRICE INDEXES: SUPPLEMENTARY CLASSIFICATIONS

1949 to 1969

(1961=100)

Years and Months	Total Consumer Price Index	Total Commodities	Total Commodities Excluding Food	Non-Durables	Non-Durables Excluding Food	Durables	Total Services	Services Excluding Shelter
(Weights)	(100.0)	(70.2)	(43.5)	(57.9)	(31.2)	(12.3)	(22.3)	(12.7)
1949	77.4	83.3	84.9	82.9	84.5	86.1	64.4	61.5
1950	79.6	85.0	86.2	84.5	85.9	87.6	68.0	63.9
1951	88.0	95.0	94.9	94.3	93.5	99.7	72.5	68.6
1952	90.2	95.8	96.8	94.9	95.4	101.8	77.2	73.4
1953	89.4	93.7	95.8	92.6	94.3	100.9	79.9	75.7
1954	89.9	93.4	95.4	92.4	94.1	100.1	82.7	78.4
1955	90.1	92.8	94.4	92.0	93.5	97.5	84.6	80.1
1956	91.4	93.5	94.8	92.8	94.2	97.2	87.3	83.4
1957	94.3	96.2	96.4	95.6	95.5	99.7	90.8	88.0
1958	96.8	98.4	98.0	97.9	97.2	101.2	94.0	91.9
1959	97.9	98.7	99.3	98.1	98.6	102.1	96.6	95.3
1960	99.1	99.5	99.9	99.0	99.4	101.8	98.7	98.1
1961 (1)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1962	101.2	100.9	100.2	101.2	100.7	99.3	101.4	102.1
1963	103.0	102.6	101.0	103.3	101.7	99.5	102.8	104.1
1964	104.8	103.9	102.1	104.9	103.4	98.6	105.4	107.9
1965	107.4	105.6	103.2	107.0	104.9	98.7	109.8	114.6
1966	111.4	109.6	105.3	111.7	107.7	99.1	113.6	119.6
1967	115.4	112.4	109.2	114.6	111.9	102.1	119.7	127.0
1968	120.1	116.4	113.2	119.0	116.9	103.9	125.0	132.6
	(Not seasonally adjusted)							
1968 J	118.1	114.7	111.4	117.0	114.3	103.7	122.5	130.0
F	118.2	115.0	111.6	117.3	114.9	103.4	122.5	129.7
M	118.6	115.2	112.6	117.7	116.0	103.9	122.9	130.4
A	119.3	115.7	113.1	118.1	116.7	104.0	123.7	131.3
M	119.3	115.7	113.2	118.1	116.8	103.9	124.3	132.1
J	119.7	116.0	113.3	118.5	116.9	103.9	125.2	132.9
J	120.4	116.5	113.4	119.2	117.2	103.8	125.6	133.3
A	120.7	116.8	113.4	119.6	117.3	103.2	125.9	133.5
S	121.1	117.3	113.7	120.1	117.6	103.6	126.3	133.9
O	121.4	117.7	114.2	120.6	118.3	103.7	126.5	133.9
N	121.9	117.7	114.7	120.5	118.6	104.5	127.3	135.0
D	122.3	118.2	114.8	121.0	118.7	104.6	127.3	135.0
1969 J	122.6	118.1	114.3	121.0	118.1	104.3	127.8	135.7
F	122.6	118.1	114.7	120.9	118.6	104.3	128.5	136.7
M	123.2	118.4	115.3	121.3	119.3	104.6	129.3	137.9
A	124.6	119.4	116.0	122.4	120.3	105.1	131.4	141.3

(1) See footnote (1) on reference table 41.

SOURCE: DBS *Prices and Price Indexes.*

REFERENCE TABLE 44

CHANGES IN THE CONSUMER PRICE INDEXES: SUPPLEMENTARY CLASSIFICATIONS

1950 to 1969

Years and Months	Total Consumer Price Index	Total Commodities	Total Commodities Excluding Food	Non-Durables	Non-Durables Excluding Food	Durables	Total Services	Services Excluding Shelter
	(Per cent change from same period a year ago)							
1950	2.8	2.0	1.5	1.9	1.7	1.7	5.6	3.9
1951	10.6	11.8	10.1	11.6	8.8	13.8	6.6	7.4
1952	2.5	0.8	2.0	0.6	2.0	2.1	6.5	7.0
1953	−0.9	−2.2	−1.0	−2.4	−1.2	−0.9	3.5	3.1
1954	0.6	−0.3	−0.4	−0.2	−0.2	−0.8	3.5	3.6
1955	0.2	−1.6	−1.0	−0.4	−0.6	−2.6	2.3	2.2
1956	1.4	0.8	0.8	0.9	0.7	−0.3	3.2	4.1
1957	3.2	2.9	1.7	3.0	1.4	2.6	4.0	5.5
1958	2.7	2.3	1.7	2.4	1.8	1.5	3.5	4.4
1959	1.1	0.3	1.3	0.2	1.4	0.9	2.8	3.7
1960	1.2	0.8	0.6	0.9	0.8	−0.3	2.2	2.9
1961 (1)	0.9	0.5	0.1	1.0	0.6	−1.8	1.3	1.9
1962	1.2	0.9	0.2	1.2	0.7	−0.7	1.4	2.1
1963	1.8	1.7	0.8	2.1	1.0	0.2	1.4	2.0
1964	1.7	1.3	1.1	1.5	1.7	−0.9	2.5	3.7
1965	2.5	1.6	1.1	2.0	1.5	0.1	4.2	6.2
1966	3.7	3.7	2.0	4.4	2.7	0.4	3.5	4.4
1967	3.6	2.6	3.7	2.6	3.9	3.0	5.4	6.2
1968	4.1	3.6	3.7	3.8	4.5	1.8	4.4	4.4
	(Not seasonally adjusted)							
1968 J	4.5	3.9	4.2	4.0	4.5	3.1	5.7	6.4
F	4.5	4.2	4.1	4.3	4.6	2.9	4.9	4.9
M	4.6	4.1	4.3	4.3	4.8	2.7	5.0	5.2
A	4.3	3.7	3.9	4.0	4.4	2.3	4.2	3.9
M	4.1	3.6	3.9	3.8	4.4	2.2	4.1	3.8
J	3.9	3.3	3.6	3.6	4.2	1.6	4.4	4.2
J	3.5	2.6	3.6	2.9	4.5	1.2	4.2	4.0
A	3.3	2.5	3.6	2.8	4.5	0.9	4.2	4.0
S	3.9	3.4	3.2	3.8	4.0	0.9	4.2	4.0
O	4.2	3.7	3.9	4.2	5.0	0.8	4.0	3.7
N	4.3	3.7	4.1	4.1	4.9	1.5	4.4	4.3
D	4.1	3.5	3.3	4.0	4.2	0.5	4.3	4.2
1969 J	3.8	3.0	2.6	3.4	3.3	0.6	4.3	4.4
F	3.7	2.7	2.8	3.1	3.2	0.9	4.9	5.4
M	3.9	2.8	2.4	3.1	2.8	0.7	5.2	5.8
A	4.4	3.2	2.6	3.6	3.1	1.1	6.2	7.6

(1) See footnote (1) on reference table 41.

SOURCE: DBS *Prices and Price Indexes.*

REFERENCE TABLE 45

CONTRIBUTIONS TO CHANGES IN THE CONSUMER PRICE INDEX

1963 to 1969

—	1963	1964	1965	1966	1967	1968	1969[2]
	(Percentage points)						
All items	1.8	1.8	2.4	3.7	3.5	4.1	4.0
Food	0.9	0.4	0.7	1.6	0.4	0.9	0.9
Housing	0.4	0.5	0.6	0.9	1.4	1.5	1.6
Clothing	0.2	0.3	0.2	0.4	0.5	0.3	0.3
Transportation	—	0.2	0.4	0.3	0.5	0.3	0.4
Health and personal care	0.2	0.2	0.3	0.3	0.4	0.3	0.3
Recreation and reading	0.1	0.1	0.1	0.1	0.2	0.2	0.3
Tobacco and alcohol	—	0.1	0.1	0.1	0.1	0.6	0.2
All items	1.8	1.8	2.4	3.7	3.5	4.1	4.0
All commodities	1.2	0.9	1.0	2.4	1.6	2.4	2.0
Durables	—	−0.1	—	—	0.3	0.2	0.1
Non-durables	1.2	1.0	1.0	2.4	1.3	2.2	1.9
Non-durables excluding food	0.3	0.5	0.4	0.8	1.0	1.4	1.0
Services	0.3	0.7	1.1	1.0	1.4	1.0	1.2
Portion of shelter excluded[1]	0.3	0.2	0.3	0.3	0.5	0.7	0.8

[1]Includes new houses, property taxes and mortgage interest.

[2]Per cent change is based on the first four months of 1969 compared to the first four months of 1968.

SOURCE: DBS *Prices and Price Indexes*.

REFERENCE TABLE 46

OTHER PRICE INDEXES

1947 to 1969

Years and Months	Price Index Commodities and Services Used by Farmers	Farm Prices of Agricultural Products(1)	Wholesale Price Indexes: Raw and Partly Manufactured Goods(2)	Wholesale Price Indexes: Fully and Chiefly Manufactured Goods(2)	Thirty Industrial Materials	Building Materials: Residential	Building Materials: Non-Residential	Merchandise Export Prices	Merchandise Import Prices	Terms of Trade(3)
	(1935—1939 = 100)					(1949 = 100)		(1948 = 100)		
1947	157.5	215.8	164.3	162.4	187.0	79.1	84.5	91.6	88.0	104.1
1948	183.7	255.8	196.3	192.4	222.7	95.4	95.9	100.0	100.0	100.0
1949	191.7	255.4	197.1	199.2	218.0	100.0	100.0	103.3	102.6	100.7
1950	197.3	260.8	212.8	211.0	244.6	106.4	105.0	108.3	110.3	98.2
1951	217.5	296.8	237.9	242.4	296.1	125.5	118.6	123.9	126.2	98.2
1952	229.8	274.4	218.7	230.7	252.6	124.9	123.2	121.8	110.4	110.3
1953	225.3	250.4	207.0	228.8	232.3	123.9	124.4	118.3	109.4	108.1
1954	224.2	236.8	204.8	224.2	223.7	121.7	121.8	115.1	109.5	105.1
1955	224.5	232.7	209.7	224.5	236.0	124.3	123.4	117.7	110.5	106.5
1956	230.3	234.6	215.8	231.5	248.2	128.5	128.0	121.3	113.0	107.3
1957	238.7	234.2	209.4	237.9	240.3	128.4	130.0	121.3	116.4	104.2
1958	242.7	245.5	209.3	238.3	229.8	127.3	129.8	120.6	116.5	103.5
1959	249.7	247.4	210.9	241.6	240.2	130.0	131.7	122.8	114.4	107.3
1960	254.7	250.0	209.6	242.2	240.4	129.2	132.3	123.0	115.5	106.5
1961	259.0	261.2	212.6	244.5	243.2	128.3	131.1	124.0	119.1	104.1
1962	265.8	272.0	223.8	249.0	248.0	129.7	131.9	128.1	124.5	102.9
1963	273.8	268.4	226.9	254.2	253.5	133.9	135.1	128.9	129.4	99.6
1964	281.6	265.8	225.7	256.4	258.3	142.5	139.6	130.7	130.8	99.9
1965	289.3	282.2	231.2	261.3	258.7	148.9	146.8	132.4	130.8	101.2
1966	305.2	307.0	242.7	268.6	261.4	154.4	151.0	137.9	132.5	104.1
1967	322.6	305.2	246.1	274.2	253.1	159.3	154.2	140.6	133.3	105.5
1968	338.9	299.1	249.1	281.6	254.0	168.2	157.8	145.6	136.3	106.8
	(Not seasonally adjusted)									
1968 J	328.8	294.5	249.0	277.4	253.8	163.8	156.6	142.8	135.7	105.2
F	n.a.	294.4	247.8	278.1	252.5	164.4	157.1	143.3	137.1	104.5
M	n.a.	292.3	250.3	278.3	253.5	165.3	157.5	143.9	136.8	105.2
A	342.2	292.7	247.9	278.7	251.0	166.7	157.7	144.6	136.7	105.8
M	n.a.	295.6	249.2	279.7	251.7	166.9	157.8	145.6	136.0	107.1
J	n.a.	302.1	250.9	281.2	252.7	168.2	157.9	145.9	136.5	106.9
J	n.a.	304.8	248.3	281.0	253.4	168.5	157.2	146.3	135.8	107.7
A	345.6	305.9	248.4	282.2	254.2	169.2	157.5	146.0	135.5	107.7
S	n.a.	306.2	249.3	284.2	253.6	170.5	157.9	146.5	135.7	108.0
O	n.a.	300.7	247.4	284.8	255.3	171.0	158.2	146.3	135.9	107.7
N	n.a.	299.7	249.7	286.0	257.2	171.3	159.0	146.5	136.6	107.2
D	n.a.	300.7	250.9	287.7	258.9	172.9	159.5	146.5	136.4	107.4
1969 J	344.1	299.1	255.4	290.8	261.4	177.0	161.2	147.6	137.4	107.4
F	n.a.	300.7	255.9	292.0	263.5	178.9	162.1	148.5	138.0	107.6
M	n.a.	n.a.	255.0	293.7	264.1	183.2	164.3	n.a.	n.a.	n.a.

(1)Exclusive of Newfoundland. Western grain prices used in the construction of the index prior to August 1, 1967 are final prices. From August 1, 1968 to date, the western grain prices used in the index are initial prices only for wheat, oats and barley. For the period August 1, 1967 to July 31, 1968, the western grain prices used in the construction of the index are final prices for oats and barley and initial prices for wheat.

(2)These two series comprise the general wholesale price index.

(3)The index of the ratio of merchandise export prices to merchandise import prices.

SOURCE: DBS *Prices and Price Indexes.*
DBS *Trade of Canada Exports*, Monthly, Cat. 65-004.
DBS *Trade of Canada Imports*, Monthly, Cat. 65-007.
DBS *Price Index Numbers of Commodities and Services Used by Farmers*, Monthly, Cat. 62-004.
DBS *Index Numbers of Farm Prices of Agricultural Products*, Monthly, Cat. 62-003.

REFERENCE TABLE 47

CHANGES IN OTHER PRICE INDEXES

1947 to 1969

Years and Months	Price Index Commodities and Services Used by Farmers	Farm Prices of Agricultural Products(1)	Wholesale Price Indexes		Thirty Industrial Materials	Building Materials		Merchandise Export Prices	Merchandise Import Prices	Terms of Trade(3)
			Raw and Partly Manufactured Goods(2)	Fully and Chiefly Manufactured Goods(2)		Residential	Non-Residential			
	(Per cent change from same period a year ago)									
1947	8.6	5.7	17.3	17.7	25.8	16.7	12.7	14.6	15.0	−0.3
1948	16.6	18.5	19.5	18.5	19.1	20.6	13.5	9.2	13.6	−3.9
1949	4.4	−0.2	0.4	3.5	−2.1	4.8	4.3	3.3	2.6	0.7
1950	2.9	2.1	8.0	5.9	12.2	6.4	5.0	4.8	7.5	−2.5
1951	10.2	13.8	11.8	14.9	21.1	18.0	13.0	14.4	14.4	0.0
1952	5.7	−7.5	−8.1	−4.8	−14.7	−0.5	3.9	−1.7	−12.5	13.1
1953	−2.0	−8.7	−5.3	−0.8	−8.0	−0.8	1.0	−2.9	−0.9	−2.0
1954	−0.5	−5.4	−1.1	−2.0	−3.7	−1.8	−2.1	−2.7	0.1	−2.8
1955	0.1	−1.7	2.4	0.1	5.5	2.1	1.3	2.3	0.9	1.3
1956	2.6	0.8	2.9	3.1	5.2	3.4	3.7	3.1	2.3	0.8
1957	3.6	−0.2	−3.0	2.8	−3.2	−0.1	1.6	0.0	3.0	−2.9
1958	1.7	4.8	0.0	0.2	−4.4	−0.9	−0.2	−0.6	0.1	−0.7
1959	2.9	0.8	0.8	1.4	4.5	2.1	1.5	1.8	−1.8	3.7
1960	2.0	1.1	−0.6	0.2	0.1	−0.6	0.5	0.2	1.0	−0.7
1961	1.7	4.5	1.4	0.9	1.2	−0.7	−0.9	0.8	3.1	−2.3
1962	2.6	4.1	5.3	1.8	2.0	1.1	0.6	3.3	4.5	−1.2
1963	3.0	−1.3	1.4	2.1	2.2	3.2	2.4	0.6	3.9	−3.2
1964	2.8	−1.0	−0.5	0.9	1.9	6.4	3.3	1.4	1.1	0.3
1965	2.7	6.2	2.4	1.9	0.2	4.5	5.2	1.3	0.0	1.3
1966	5.5	8.8	5.0	2.8	1.0	3.7	2.9	4.2	1.3	2.9
1967	5.7	−0.6	1.4	2.1	−3.2	3.2	2.1	2.0	0.6	1.3
1968	5.1	−2.0	1.2	2.7	0.4	5.6	2.3	3.6	2.3	1.2
	(Not seasonally adjusted)									
1968 J	4.8	−5.3	1.7	2.2	0.2	4.7	2.2	2.1	1.7	0.3
F	n.a.	−5.6	0.4	2.3	−0.6	4.6	2.2	2.6	2.7	−0.1
M	n.a.	−5.7	2.2	2.2	0.6	4.9	2.3	3.0	2.5	0.5
A	5.0	−4.8	1.2	2.3	−0.6	5.6	2.2	2.9	2.1	0.9
M	n.a.	−4.4	1.2	2.3	−1.2	5.4	2.5	3.6	2.0	1.5
J	n.a.	−3.5	2.0	2.6	−1.6	6.1	2.5	3.6	2.3	1.3
J	n.a.	−1.5	1.7	2.2	0.2	5.7	2.0	4.1	2.0	2.0
A	5.3	1.8	0.7	2.6	0.8	5.7	2.1	3.5	1.7	1.7
S	n.a.	2.2	1.2	3.1	1.0	6.2	2.3	3.8	2.1	1.7
O	n.a.	0.6	0.2	3.3	2.1	5.9	2.4	3.8	1.7	2.1
N	n.a.	1.4	1.8	3.5	1.7	5.8	2.8	3.4	2.4	0.9
D	n.a.	1.4	0.4	4.0	1.8	6.5	2.8	2.9	2.3	0.6
1969 J	4.7	1.6	2.6	4.8	3.0	8.1	2.9	3.4	3.0	2.1
F	n.a.	2.1	3.3	5.0	4.4	8.8	3.2	3.6	1.3	3.0
M	n.a.	n.a.	1.9	5.5	4.2	10.8	4.3	n.a.	n.a.	n.a.

(1), (2), (3) See footnotes (1), (2) and (3) on reference table 46.

SOURCE: DBS *Prices and Price Indexes.*
DBS *Trade of Canada Exports.*
DBS *Trade of Canada Imports.*
DBS *Price Index Numbers of Commodities and Services Used by Farmers.*
DBS *Index Numbers of Farm Prices of Agricultural Products.*

REFERENCE TABLE 48

TOTAL GOVERNMENT EXPENDITURES
(National Accounts Basis)
1947 to 1968

Years and Quaterrs	Goods and Services	Transfer Payments to Persons	Interest on the Public Debt	Subsidies	Capital Assistance(1)	Canada and Quebec Pension Plans	Total Expenditures(2)	Deficit (−) or Surplus
	(Millions of dollars)							
1947	1,541	839	559	177	—	—	3,116	753
1948	1,797	862	558	75	—	—	3,292	708
1949	2,127	948	572	77	—	—	3,724	373
1950	2,344	1,030	545	63	—	—	3,982	585
1951	3,271	1,032	553	128	—	—	4,984	985
1952	4,279	1,359	580	100	—	—	6,318	253
1953	4,432	1,461	610	110	—	—	6,613	175
1954	4,461	1,634	669	86	—	—	6,850	−131
1955	4,792	1,737	669	82	—	—	7,280	106
1956	5,386	1,766	714	123	—	—	7,989	350
1957	5,722	2,076	739	116	—	—	8,653	100
1958	6,180	2,637	782	146	—	—	9,745	−1,007
1959	6,490	2,755	963	205	—	—	10,413	−556
1960	6,769	3,120	1,095	235	—	—	11,219	−717
1961	7,236	3,441	1,170	251	6	—	12,104	−1,005
1962	7,717	3,725	1,305	292	27	—	13,066	−854
1963	8,075	3,848	1,423	311	61	—	13,718	−690
1964	8,654	4,133	1,526	323	82	—	14,718	36
1965	9,614	4,574	1,645	326	84	—	16,243	325
1966	11,286	5,047	1,805	516	59	—	18,713	348
1967	12,377	6,223	1,982	522	65	—	21,169	157
1968	13,329	7,179	2,262	500	70	15	23,355	800
	(Seasonally adjusted at annual rates)							
1966 I	10,656	4,760	1,756	416	32	—	17,620	580
II	10,964	4,928	1,780	456	88	—	18,216	576
III	11,632	5,156	1,820	384	56	—	19,048	316
IV	11,892	5,344	1,864	808	60	—	19,968	−80
1967 I	11,860	5,884	1,844	416	52	—	20,056	824
II	12,672	6,236	1,928	536	60	—	21,432	−588
III	12,288	6,200	2,020	540	48	—	21,096	452
IV	12,688	6,572	2,136	596	100	—	22,092	−60
1968 I	12,840	6,632	2,092	444	80	4	22,092	1,168
II	13,112	7,160	2,260	472	36	12	23,052	220
III	13,408	7,388	2,364	532	108	16	23,816	436
IV	13,956	7,536	2,332	552	56	28	24,460	1,376

(1)From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as capital transfer.
(2)Excludes inter-governmental transfers.

SOURCE: DBS *The National Accounts*.

REFERENCE TABLE 49

FEDERAL GOVERNMENT EXPENDITURES

1947 to 1968

Years and Quarters	Goods and Services	Transfer Payments to Persons	Interest on the Public Debt	Subsidies	Capital Assistance[1]	Transfers to Other Levels of Government	Total Expenditures	Deficit (−) or Surplus
	(Millions of dollars)							
1947	629	611	453	171	—	192	2,056	684
1948	673	570	453	71	—	150	1,917	760
1949	870	583	461	73	—	187	2,174	480
1950	977	615	427	60	—	251	2,330	635
1951	1,702	577	427	124	—	259	3,089	1,021
1952	2,489	979	441	96	—	368	4,373	253
1953	2,559	1,046	461	106	—	412	4,584	142
1954	2,449	1,161	504	84	—	430	4,628	−100
1955	2,510	1,232	494	75	—	450	4,761	176
1956	2,683	1,224	524	118	—	485	5,034	544
1957	2,728	1,463	519	108	—	521	5,339	249
1958	2,854	1,899	544	131	—	663	6,091	−757
1959	2,832	1,791	678	189	—	880	6,370	−327
1960	2,730	1,976	753	209	—	994	6,662	−251
1961	2,982	2,006	786	221	6	1,128	7,129	−461
1962	3,025	2,112	866	260	27	1,134	7,424	−565
1963	2,934	2,133	935	275	61	1,169	7,507	−330
1964	3,046	2,239	995	277	82	1,252	7,891	344
1965	3,293	2,312	1,052	259	84	1,434	8,434	625
1966	3,920	2,478	1,151	375	59	1,662	9,645	164
1967	4,259	2,936	1,245	390	65	1,992	10,887	−256
1968	4,475	3,277	1,409	375	70	2,452	12,058	−165
	(Seasonally adjusted at annual rates)							
1966 I	3,700	2,420	1,124	252	32	1,544	9,072	348
II	3,752	2,428	1,128	320	88	1,640	9,356	268
III	3,992	2,516	1,168	248	56	1,644	9,624	284
IV	4,236	2,548	1,184	680	60	1,820	10,528	−244
1967 I	4,096	2,772	1,140	292	52	1,752	10,104	400
II	4,472	3,032	1,208	436	60	2,112	11,320	−920
III	4,196	2,972	1,280	396	48	2,064	10,956	−208
IV	4,272	2,968	1,352	436	100	2,040	11,168	−296
1968 I	4,384	3,064	1,256	328	80	2,324	11,436	108
II	4,348	3,400	1,424	352	36	2,564	12,124	−936
III	4,376	3,292	1,500	388	108	2,376	12,040	−80
IV	4,792	3,352	1,456	432	56	2,544	12,632	248

[1]See footnote (1) on reference table 48.

SOURCE: DBS *The National Accounts*.

REFERENCE TABLE 50

PROVINCIAL-MUNICIPAL GOVERNMENT EXPENDITURES

1947 to 1968

Years and Quarters	Goods and Services	Transfer Payments to Persons	Interest on the Public Debt	Subsidies	Total Expenditures	Deficit(−) or Surplus
	(Millions of dollars)					
1947	912	228	106	6	1,252	69
1948	1,124	292	105	4	1,525	−52
1949	1,257	365	111	4	1,737	−107
1950	1,367	415	118	3	1,903	−50
1951	1,569	455	126	4	2,154	−36
1952	1,790	380	139	4	2,313	—
1953	1,873	415	149	4	2,441	33
1954	2,012	473	165	2	2,652	−31
1955	2,282	505	175	7	2,969	−70
1956	2,703	542	190	5	3,440	−194
1957	2,994	613	220	8	3,835	−149
1958	3,326	738	238	15	4,317	−250
1959	3,658	964	285	16	4,923	−229
1960	4,039	1,144	342	26	5,551	−466
1961	4,254	1,435	384	30	6,103	−544
1962	4,692	1,613	439	32	6,776	−289
1963	5,141	1,715	488	36	7,380	−360
1964	5,608	1,894	531	46	8,079	−308
1965	6,321	2,262	593	67	9,243	−300
1966	7,366	2,569	654	141	10,730	−535
1967	8,118	3,287	737	132	12,274	−473
1968	8,854	3,902	853	125	13,734	−25
	(Seasonally adjusted at annual rates)					
1966 I	6,956	2,340	632	164	10,092	−260
II	7,212	2,500	652	136	10,500	−436
III	7,640	2,640	652	136	11,068	−768
IV	7,656	2,796	680	128	11,260	−676
1967 I	7,764	3,112	704	124	11,704	−440
II	8,200	3,204	720	100	12,224	−540
III	8,092	3,228	740	144	12,204	−236
IV	8,416	3,604	784	160	12,964	−676
1968 I	8,456	3,568	836	116	12,976	108
II	8,764	3,760	836	120	13,480	168
III	9,032	4,096	864	144	14,136	−460
IV	9,164	4,184	876	120	14,344	84

SOURCE: DBS *The National Accounts*.

REFERENCE TABLE 51

PROVINCIAL AND MUNICIPAL GOVERNMENTS' EXPENDITURES

1947 to 1967

Years	Goods and Services	Transfer Payments to Persons	Interest on the Public Debt	Subsidies	Transfers to Other Levels of Government	Total Expenditures	Deficit(−) or Surplus
	Provincial Governments						
	(Millions of dollars)						
1947	382	209	68	6	101	766	107
1948	467	271	68	4	129	939	32
1949	510	342	72	4	157	1,085	−1
1950	535	391	76	3	171	1,176	63
1951	631	425	79	4	197	1,336	78
1952	724	343	85	4	215	1,371	143
1953	695	377	91	4	242	1,409	203
1954	747	429	97	2	259	1,534	155
1955	846	463	97	7	327	1,740	134
1956	1,041	500	105	5	362	2,013	79
1957	1,128	564	114	8	452	2,266	144
1958	1,222	677	119	15	545	2,578	66
1959	1,349	895	126	16	622	3,008	112
1960	1,465	1,067	148	26	714	3,420	−76
1961	1,467	1,332	166	30	842	3,837	−128
1962	1,563	1,515	192	32	1,063	4,365	93
1963	1,725	1,612	224	36	1,148	4,745	59
1964	1,929	1,792	249	46	1,280	5,296	130
1965	2,188	2,141	271	67	1,469	6,136	225
1966	2,663	2,441	297	141	1,703	7,245	67
1967	3,015	3,154	357	132	2,127	8,785	−124
	Municipal Governments						
	(Millions of dollars)						
1947	530	19	38		7	594	−38
1948	657	21	37		9	724	−84
1949	747	23	39		10	819	−106
1950	832	24	42		11	909	−113
1951	938	30	47		13	1,028	−114
1952	1,066	37	54		13	1,170	−143
1953	1,178	38	58		15	1,289	−170
1954	1,265	44	68		15	1,392	−186
1955	1,436	42	78		22	1,578	−204
1956	1,662	42	85		18	1,807	−273
1957	1,866	49	106		28	2,049	−293
1958	2,104	61	119		17	2,301	−316
1959	2,309	69	159		24	2,561	−341
1960	2,574	77	194		17	2,862	−390
1961	2,787	103	218		15	3,123	−416
1962	3,129	98	247		15	3,489	−382
1963	3,416	103	264		17	3,800	−419
1964	3,679	102	282		17	4,080	−438
1965	4,133	121	322		22	4,598	−525
1966	4,703	128	357		30	5,218	−602
1967	5,103	133	380		38	5,654	−349

SOURCE: DBS *The National Accounts.*

REFERENCE TABLE 52

TOTAL GOVERNMENT REVENUES

(National Accounts Basis)

1947 to 1968

Years and Quarters	Direct Taxes		With-holding Taxes	Indirect Taxes	Investment Income(2)	Employer and Employee Contri-butions to Social Insurance and Govern-ment Pension Funds(2)	Canada and Quebec Pension Plans(3)	Total Reve-nues(1) (3)
	Persons	Corpo-rations						
	(Millions of dollars)							
1947	791	702	35	1,785	375	181	—	3,869
1948	822	687	41	1,840	386	224	—	4,000
1949	789	718	47	1,885	419	239	—	4,097
1950	740	983	54	2,063	471	256	—	4,567
1951	1,030	1,416	56	2,597	534	336	—	5,969
1952	1,323	1,384	55	2,817	617	375	—	6,571
1953	1,432	1,220	54	3,021	651	410	—	6,788
1954	1,437	1,082	58	3,033	687	422	—	6,719
1955	1,499	1,272	67	3,319	753	476	—	7,386
1956	1,732	1,413	69	3,759	834	532	—	8,339
1957	1,917	1,337	83	3,977	849	590	—	8,753
1958	1,795	1,315	48	4,028	937	615	—	8,738
1959	2,088	1,581	74	4,464	998	652	—	9,857
1960	2,360	1,544	79	4,705	1,063	751	—	10,502
1961	2,511	1,612	116	4,947	1,126	787	—	11,099
1962	2,729	1,710	125	5,585	1,251	812	—	12,212
1963	2,916	1,827	127	5,911	1,395	852	—	13,028
1964	3,428	2,053	140	6,695	1,526	912	—	14,754
1965	3,913	2,225	168	7,564	1,671	1,027	—	16,568
1966	4,484	2,252	203	8,466	1,808	1,129	719	19,061
1967	5,493	2,208	218	9,227	2,112	1,182	886	21,326
1968	6,660	2,593	209	10,021	2,294	1,373	1,005	24,155
	(Seasonally adjusted at annual rates)							
1966 I	4,256	2,204	180	8,276	1,736	1,056	492	18,200
II	4,208	2,312	196	8,368	1,836	1,128	744	18,792
III	4,604	2,236	204	8,564	1,784	1,172	800	19,364
IV	4,868	2,256	232	8,656	1,876	1,160	840	19,888
1967 I	5,532	2,120	192	9,208	1,828	1,136	864	20,880
II	4,980	2,228	240	9,224	2,116	1,184	872	20,844
III	5,540	2,224	220	9,164	2,228	1,276	896	21,548
IV	5,920	2,260	220	9,312	2,276	1,132	912	22,032
1968 I	6,412	2,396	220	9,812	2,160	1,304	956	23,260
II	6,236	2,480	208	9,768	2,292	1,288	1,000	23,272
III	6,716	2,608	232	10,044	2,308	1,352	992	24,252
IV	7,276	2,888	176	10,460	2,416	1,548	1,072	25,836

(1) Excludes inter-governmental transfers.

(2) Excludes receipts from Canada and Quebec Pension Plans.

(3) Includes receipts from Canada and Quebec Pension Plans.

SOURCE: DBS *The National Accounts.*

REFERENCE TABLE 53

FEDERAL GOVERNMENT REVENUES

1947 to 1968

Years and Quarters	Direct Taxes		Withholding Taxes	Indirect Taxes	Investment Income	Employer and Employee Contributions to Social Insurance and Government Pension Funds	Total Revenues
	Persons	Corporations					
	(Millions of dollars)						
1947	729	631	35	1,136	109	100	2,740
1948	752	568	41	1,086	101	129	2,677
1949	707	588	47	1,048	123	141	2,654
1950	654	837	54	1,115	146	159	2,965
1951	931	1,227	56	1,495	180	221	4,110
1952	1,223	1,275	55	1,595	231	247	4,626
1953	1,329	1,144	54	1,697	232	270	4,726
1954	1,319	1,018	58	1,612	234	287	4,528
1955	1,325	1,210	67	1,744	267	324	4,937
1956	1,550	1,334	69	1,972	296	357	5,578
1957	1,723	1,132	83	1,990	276	384	5,588
1958	1,581	1,075	48	1,912	327	391	5,334
1959	1,770	1,310	74	2,125	350	414	6,043
1960	2,017	1,266	79	2,180	382	487	6,411
1961	2,132	1,311	116	2,190	409	510	6,668
1962	2,088	1,279	125	2,401	448	518	6,859
1963	2,193	1,362	127	2,451	510	534	7,177
1964	2,558	1,546	140	2,847	570	574	8,235
1965	2,716	1,675	168	3,252	630	618	9,059
1966	2,955	1,696	203	3,575	690	690	9,809
1967	3,572	1,630	218	3,707	800	704	10,631
1968	4,283	1,932	209	3,764	878	827	11,893
	(Seasonally adjusted at annual rates)						
1966 I	2,808	1,668	180	3,512	612	640	9,420
II	2,732	1,740	196	3,536	720	700	9,624
III	3,060	1,684	204	3,608	636	716	9,908
IV	3,220	1,692	232	3,644	792	704	10,284
1967 I	3,632	1,568	192	3,820	612	680	10,504
II	3,276	1,648	240	3,712	808	716	10,400
III	3,588	1,644	220	3,644	872	780	10,748
IV	3,792	1,660	220	3,652	908	640	10,872
1968 I	4,260	1,788	220	3,716	784	776	11,544
II	3,952	1,852	208	3,576	844	756	11,188
III	4,272	1,944	232	3,772	952	788	11,960
IV	4,648	2,144	176	3,992	932	988	12,880

SOURCE: DBS *The National Accounts.*

REFERENCE TABLE 54

PROVINCIAL-MUNICIPAL GOVERNMENT REVENUES

1947 to 1968

Years and Quarters	Direct Taxes		Indirect Taxes	Investment Income	Employer and Employee Contributions to Social Insurance and Government Pension Funds	Transfers from Federal Government	Total Revenues
	Persons	Corporations					
	(Millions of dollars)						
1947	62	71	649	266	81	192	1,321
1948	70	119	754	285	95	150	1,473
1949	82	130	837	296	98	187	1,630
1950	86	146	948	325	97	251	1,853
1951	99	189	1,102	354	115	259	2,118
1952	100	109	1,222	386	128	368	2,313
1953	103	76	1,324	419	140	412	2,474
1954	118	64	1,421	453	135	430	2,621
1955	174	62	1,575	486	152	450	2,899
1956	182	79	1,787	538	175	485	3,246
1957	194	205	1,987	573	206	521	3,686
1958	214	240	2,116	610	224	663	4,067
1959	318	271	2,339	648	238	880	4,694
1960	343	278	2,525	681	264	994	5,085
1961	379	301	2,757	717	277	1,128	5,559
1962	641	431	3,184	803	294	1,134	6,487
1963	723	465	3,460	885	318	1,169	7,020
1964	870	507	3,848	956	338	1,252	7,771
1965	1,197	550	4,312	1,041	409	1,434	8,943
1966	1,529	556	4,891	1,118	439	1,662	10,195
1967	1,921	578	5,520	1,312	478	1,992	11,801
1968	2,377	661	6,257	1,416	546	2,452	13,709
	(Seasonally adjusted at annual rates)						
1966 I	1,448	536	4,764	1,124	416	1,544	9,832
II	1,476	572	4,832	1,116	428	1,640	10,064
III	1,544	552	4,956	1,148	456	1,644	10,300
IV	1,648	564	5,012	1,084	456	1,820	10,584
1967 I	1,900	552	5,388	1,216	456	1,752	11,264
II	1,704	580	5,512	1,308	468	2,112	11,684
III	1,952	580	5,520	1,356	496	2,064	11,968
IV	2,128	600	5,660	1,368	492	2,040	12,288
1968 I	2,152	608	6,096	1,376	528	2,324	13,084
II	2,284	628	6,192	1,448	532	2,564	13,648
III	2,444	664	6,272	1,356	564	2,376	13,676
IV	2,628	744	6,468	1,484	560	2,544	14,428

SOURCE: DBS *The National Accounts.*

REFERENCE TABLE 55

PROVINCIAL AND MUNICIPAL GOVERNMENTS' REVENUES

1947 to 1967

Years	Direct Taxes		Indirect Taxes	Investment Income	Employer and Employee Contributions to Social Insurance and Government Pension Funds	Transfers from Other Levels of Government	Total Revenues
	Persons	Corporations					
	Provincial Governments						
	(Millions of dollars)						
1947	59	71	289	179	76	199	873
1948	66	119	351	187	89	159	971
1949	78	130	392	195	92	197	1,084
1950	82	146	449	211	90	261	1,239
1951	94	189	527	226	108	270	1,414
1952	95	109	567	245	120	378	1,514
1953	97	76	613	271	131	424	1,612
1954	112	64	655	289	126	443	1,689
1955	159	62	739	309	140	465	1,874
1956	165	79	846	346	162	494	2,092
1957	176	205	937	367	192	533	2,410
1958	195	240	960	390	202	657	2,644
1959	297	271	1,043	413	216	880	3,120
1960	320	278	1,090	437	240	979	3,344
1961	353	301	1,233	461	251	1,110	3,709
1962	611	431	1,535	511	265	1,105	4,458
1963	692	465	1,663	564	286	1,134	4,804
1964	839	507	1,947	612	305	1,216	5,426
1965	1,166	550	2,209	679	370	1,387	6,361
1966	1,497	556	2,535	735	402	1,587	7,312
1967	1,891	578	2,905	911	438	1,938	8,661
	Municipal Governments						
	(Millions of dollars)						
1947	3		360	87	5	101	556
1948	4		403	98	6	129	640
1949	4		445	101	6	157	713
1950	4		499	114	7	172	796
1951	5		575	128	7	199	914
1952	5		655	141	8	218	1,027
1953	6		711	148	9	245	1,119
1954	6		766	164	9	261	1,206
1955	15		836	177	12	334	1,374
1956	17		941	192	13	371	1,534
1957	18		1,050	206	14	468	1,756
1958	19		1,156	220	22	568	1,985
1959	21		1,296	235	22	646	2,220
1960	23		1,435	244	24	746	2,472
1961	26		1,524	256	26	875	2,707
1962	30		1,649	292	29	1,107	3,107
1963	31		1,797	321	32	1,200	3,381
1964	31		1,901	344	33	1,333	3,642
1965	31		2,103	362	39	1,538	4,073
1966	32		2,356	383	37	1,808	4,616
1967	30		2,615	401	40	2,219	5,305

SOURCE: DBS *The National Accounts.*

REFERENCE TABLE 56

FEDERAL GOVERNMENT REVENUES AND EXPENDITURES
PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS RECONCILIATION

1967 and 1968

(Not seasonally adjusted)

—	1967				1968			
	I	II	III	IV	I	II	III	IV
	(Millions of dollars)							
REVENUE:								
Budgetary Revenue	2,224	2,173	2,104	2,340	2,425	2,136	2,396	2,666
Deduct:								
Budgetary return on investment	−148	−141	− 90	−218	−163	−145	−101	−228
Post Office revenue	− 65	− 59	− 60	− 85	− 78	− 63	− 57	− 89
Other non-tax budgetary revenue	− 52	− 14	− 28	− 28	− 61	− 18	− 28	− 60
	(−265)	(−214)	(−178)	(−331)	(−302)	(−226)	(−186)	(−377)
Corporate income tax, excess of accruals (+) over collections (−)	−122	− 82	− 23	+ 34	− 80	+ 46	− 87	+151
Add:								
Extra-budgetary funds revenue:								
Old age security taxes	373	377	345	345	428	420	377	380
Unemployment insurance fund-employer-employee contributions	88	82	93	87	84	85	104	127
Government pension fund-employer-employee contributions	84	91	105	74	112	97	97	122
Prairie Farm Assistance Act levies	2	3	5	1	2	2	4	1
	(547)	(553)	(548)	(507)	(626)	(604)	(582)	(630)
Government investment income:								
Interest on loans, advances and investments	67	81	80	106	85	90	85	88
Interest receipts on social insurance and government pension accounts	53	57	58	60	60	60	61	62
Profits before taxes (net of losses) of government business enterprises	6	72	77	83	17	71	96	103
	(126)	(210)	(215)	(249)	(162)	(221)	(242)	(253)
Miscellaneous[1]	−108	93	− 4	35	−166	149	4	24
Total Revenue, national accounts basis	2,402	2,733	2,662	2,834	2,665	2,930	2,951	3,347
EXPENDITURE:								
Budgetary Expenditure	2,756	2,018	2,320	2,392	3,106	2,108	2,456	2,686
Deduct:								
Budgetary transfers to funds and agencies[2]	−200	−159	−125	−153	−259	−113	−119	−151
Post Office expenditure	− 83	− 61	− 71	− 78	− 91	− 67	− 69	−103
Deficits of government business enterprises	− 46	− 9	− 13	− 14	− 47	− 8	− 6	− 22
Reserves and write-offs	−151	− 7	− 8	− 7	− 11	− 8	− 8	− 9
Purchase of existing capital assets	− 1	− 1	− 1	− 1	− 2	− 3	− 3	− 3
Budgetary revenue items offset against budgetary expenditure[3]	− 32	− 32	− 32	− 35	− 33	− 33	− 27	− 34
	(−513)	(−269)	(−250)	(−288)	(−443)	(−232)	(−232)	(−322)

Add:								
Extra budgetary funds expenditure:								
Old age security benefit payments	316	345	335	337	370	374	375	378
Unemployment insurance benefits	138	102	51	62	174	126	66	72
Government pensions	33	35	34	35	35	36	36	37
Prairie farm emergency payments	1	—	—	1	8	—	—	—
	(488)	(482)	(420)	(435)	(587)	(536)	(477)	(487)
Expenditure of government funds and agencies[2]	178	169	147	146	146	134	194	195
Miscellaneous[4]	−301	428	98	31	−448	486	106	31
Total Expenditure, national accounts basis	2,608	2,828	2,735	2,716	2,948	3,032	3,001	3,077
Surplus (+) or deficit(−), national accounts basis	−206	− 95	− 73	+118	−283	−102	− 50	+270
Surplus(+) or deficit(−), budgetary basis	−532	+155	−217	− 52	−681	+ 28	− 60	− 2
Total, national accounts basis	2,402	2,733	2,662	2,834	2,665	2,930	2,951	3,347

(1) These miscellaneous adjustments largely represent revenues from miscellaneous direct and indirect taxes and adjustments for the supplementary period. In the National Accounts, revenues in the supplementary period are shifted into the following fiscal quarter.

(2) In the National Accounts, budgetary appropriations to various funds and agencies are replaced by the outlays actually made by these federal agencies.

(3) The largest components of this item consists of revenues from sales of goods and services by the government. These sales appear as final expenditure of the private sector, and are deducted to avoid double counting.

(4) This item includes the supplementary period adjustment. In the National Accounts. expenditures on goods and services in the supplementary period are split evenly between adjacent fiscal quarters. Most other expenditure items are shifted entirely to the next fiscal quarter.

SOURCE: DBS, and Department of Finance estimates.

REFERENCE TABLE 57

SOURCE AND DISPOSITION OF SAVING

1947 to 1968

Years and Quarters	Source:								Disposition:		
	Personal Net Saving	Business Gross Saving			Government Sector Surplus or Deficit (−)	Deficit on Current Account with Non-Residents	Other[1]	Total	Business Gross Fixed Capital Formation	Value of Physical Change in Inventories	Total
		Total	Undistributed Corporation Profits	Capital Consumption Allowances and Miscellaneous Valuation Adjustment							
	(Millions of dollars)										
1947	494	1,851	628	1,223	753	−19	−591	2,488	2,085	403	2,488
1948	994	2,231	790	1,441	708	−417	−784	2,732	2,619	113	2,732
1949	926	2,260	587	1,673	373	−168	−310	3,081	3,032	49	3,081
1950	662	2,665	752	1,913	585	330	−344	3,898	3,348	550	3,898
1951	1,334	2,865	662	2,203	985	524	−835	4,873	3,959	914	4,873
1952	1,291	3,040	618	2,422	253	−173	552	4,963	4,451	512	4,963
1953	1,312	3,402	729	2,673	175	443	249	5,581	4,998	583	5,581
1954	809	3,476	571	2,905	−131	427	68	4,649	4,779	−130	4,649
1955	850	4,228	962	3,266	106	679	−342	5,521	5,210	311	5,521
1956	1,320	4,773	1,131	3,642	350	1,350	65	7,858	6,774	1,084	7,858
1957	1,202	4,863	854	4,009	100	1,422	−21	7,566	7,335	231	7,566
1958	1,635	4,775	876	3,899	−1,007	1,083	167	6,653	6,975	−322	6,653
1959	1,357	5,190	986	4,204	−556	1,448	−188	7,251	6,894	357	7,251
1960	1,535	5,260	837	4,423	−717	1,164	−140	7,102	6,692	410	7,102
1961	1,545	5,297	757	4,540	−1,005	911	−83	6,665	6,635	30	6,665
1962	2,317	5,829	937	4,892	−854	823	−623	7,492	6,960	532	7,492
1963	2,531	6,264	1,066	5,198	−690	507	−486	8,126	7,591	535	8,126
1964	2,059	6,892	1,292	5,600	36	392	110	9,489	9,103	386	9,489
1965	3,088	7,464	1,354	6,110	325	1,135	−413	11,599	10,651	948	11,599
1966	3,731	7,765	1,142	6,623	348	1,232	357	13,433	12,493	940	13,433
1967	3,995	8,030	1,030	7,000	157	667	−15	12,834	12,609	225	12,834
1968	4,048	8,777	1,517	7,260	800	332	−544	13,413	12,753	660	13,413
	(Seasonally adjusted at annual rates)										
1966 I	3,676	7,936	1,532	6,404	580	972	−208	12,956	11,968	988	12,956
II	4,068	7,844	1,220	6,624	576	1,208	544	14,240	12,572	1,668	14,240
III	3,476	7,580	884	6,696	316	1,256	268	12,896	12,308	588	12,896
IV	3,704	7,700	932	6,768	−80	1,492	824	13,640	13,124	516	13,640
1967 I	4,064	8,008	1,008	7,000	824	648	−156	13,388	13,236	152	13,388
II	4,460	8,056	880	7,176	−588	884	404	13,216	13,068	148	13,216
III	3,724	8,056	1,076	6,980	452	868	−252	12,848	12,168	680	12,848
IV	3,732	8,000	1,156	6,844	−60	268	−56	11,884	11,964	−80	11,884
1968 I	3,128	8,424	1,172	7,252	1,168	472	−92	13,100	12,632	468	13,100
II	4,624	8,548	1,288	7,260	220	−164	−328	12,900	12,516	384	12,900
III	4,272	8,816	1,544	7,272	436	496	−568	13,452	12,736	716	13,452
IV	4,168	9,320	2,064	7,256	1,376	524	−1,188	14,200	13,128	1,072	14,200

[1] Includes adjustment on grain transactions, inventory valuation adjustment, capital assistance and net residual error.

SOURCE: DBS *The National Accounts*.

REFERENCE TABLE 58

PER CENT DISTRIBUTION OF THE SOURCE AND DISPOSITION OF SAVING

1947 to 1968

Years and Quarters	Source:								Disposition:		
	Personal Net Saving	Business Gross Saving			Government Sector Surplus or Deficit (−)	Deficit on Current Account with Non-Residents	Other[1]	Total	Business Gross Fixed Capital Formation	Value of Physical Change in Inventories	Total
		Total	Undistributed Corporation Profits	Capital Consumption Allowances and Miscellaneous Valuation Adjustments							
1947	19.9	74.4	25.2	49.2	30.3	− 0.8	−23.8	100.0	83.8	16.2	100.0
1948	36.4	81.7	28.9	52.8	25.9	−15.3	−28.7	100.0	95.9	4.1	100.0
1949	30.1	73.4	19.1	54.3	12.1	− 5.5	−10.1	100.0	98.4	1.6	100.0
1950	17.0	68.4	19.3	49.1	15.0	8.4	− 8.8	100.0	85.9	14.1	100.0
1951	27.4	58.8	13.6	45.2	20.2	10.7	−17.1	100.0	81.2	18.8	100.0
1952	26.0	61.3	12.5	48.8	5.1	− 3.5	11.1	100.0	89.7	10.3	100.0
1953	23.5	61.0	13.1	47.9	3.1	7.9	4.5	100.0	89.6	10.4	100.0
1954	17.4	74.8	12.3	62.5	− 2.8	9.2	1.4	100.0	102.8	− 2.8	100.0
1955	15.4	76.6	17.4	59.2	1.9	12.3	− 6.2	100.0	94.4	5.6	100.0
1956	16.8	60.7	14.4	46.3	4.5	17.2	0.8	100.0	86.2	13.8	100.0
1957	15.9	64.3	11.3	53.0	1.3	18.8	− 0.3	100.0	96.9	3.1	100.0
1958	24.5	71.8	13.2	58.6	−15.1	16.3	2.5	100.0	104.8	− 4.8	100.0
1959	18.7	71.6	13.6	58.0	− 7.7	20.0	− 2.6	100.0	95.1	4.9	100.0
1960	21.6	74.1	11.8	62.3	−10.1	16.4	− 2.0	100.0	94.2	5.8	100.0
1961	23.2	79.5	11.4	68.1	−15.1	13.7	− 1.3	100.0	99.5	0.5	100.0
1962	30.9	77.8	12.5	65.3	−11.4	11.0	− 8.3	100.0	92.9	7.1	100.0
1963	31.2	77.1	13.1	64.0	− 8.5	6.2	− 6.0	100.0	93.4	6.6	100.0
1964	21.7	72.6	13.6	59.0	0.4	4.1	1.2	100.0	95.9	4.1	100.0
1965	26.6	64.4	11.7	52.7	2.8	9.8	− 3.6	100.0	91.8	8.2	100.0
1966	27.8	57.8	8.5	49.3	2.6	9.2	2.6	100.0	93.0	7.0	100.0
1967	31.1	62.6	8.0	54.5	1.2	5.2	− 0.1	100.0	98.2	1.8	100.0
1968	30.2	65.4	11.3	54.1	6.0	2.5	− 4.1	100.0	95.1	4.9	100.0
	(Seasonally adjusted at annual rates)										
1966 I	28.4	61.2	11.8	49.4	4.5	7.5	− 1.6	100.0	92.4	7.6	100.0
II	28.6	55.1	8.6	46.5	4.0	8.5	3.8	100.0	88.3	11.7	100.0
III	27.0	58.8	6.9	51.9	2.4	9.7	2.1	100.0	95.4	4.6	100.0
IV	27.2	56.5	6.8	49.6	− 0.6	10.9	6.0	100.0	96.2	3.8	100.0
1967 I	30.4	59.8	7.5	52.3	6.2	4.8	− 1.2	100.0	98.9	1.1	100.0
II	33.7	61.0	6.7	54.3	− 4.4	6.7	3.0	100.0	98.9	1.1	100.0
III	29.0	62.7	8.4	54.3	3.5	6.8	− 2.0	100.0	94.7	5.3	100.0
IV	31.4	67.3	9.7	57.6	− 0.5	2.3	− 0.5	100.0	100.7	− 0.7	100.0
1968 I	23.9	64.3	8.9	55.4	8.9	3.6	− 0.7	100.0	96.4	3.6	100.0
II	35.8	66.3	10.0	56.3	1.7	− 1.3	− 2.5	100.0	97.0	3.0	100.0
III	31.8	65.5	11.5	54.0	3.2	3.7	− 4.2	100.0	94.7	5.3	100.0
IV	29.4	65.6	14.5	51.1	9.7	3.7	− 8.4	100.0	92.5	7.5	100.0

[1]See footnote (1) on reference table 57.

SOURCE: DBS *The National Accounts.*

REFERENCE TABLE 59

INTERNATIONAL PAYMENTS: CURRENT ACCOUNT

1947 to 1968

Years and Quarters	Current Receipts: Merchandise Exports (Adjusted)	Gold Production Available for Export	Travel Expenditures	Interest and Dividends	Freight and Shipping	Inheritances and Immigrants' Funds	Other Current Receipts	Total Current Receipts
	(Millions of dollars)							
1947	2,723	99	251	64	322	69	220	3,748
1948	3,030	119	279	70	336	84	229	4,147
1949	2,989	139	285	83	303	68	222	4,089
1950	3,139	163	275	94	284	57	218	4,230
1951	3,950	150	274	115	351	77	230	5,147
1952	4,339	150	275	152	383	85	289	5,673
1953	4,152	144	302	164	318	91	322	5,493
1954	3,934	155	305	147	313	89	305	5,248
1955	4,332	155	328	161	398	86	399	5,859
1956	4,837	147	337	142	457	99	456	6,475
1957	4,894	144	363	153	445	124	406	6,529
1958	4,890	157	349	167	401	97	391	6,452
1959	5,151	148	391	180	420	109	414	6,813
1960	5,392	162	420	171	442	102	447	7,136
1961	5,889	162	482	213	486	104	452	7,788
1962	6,387	155	562	202	509	124	484	8,423
1963	7,082	154	609	230	563	151	500	9,289
1964	8,238	145	662	332	644	169	557	10,747
1965	8,745	138	747	322	668	216	645	11,481
1966	10,326	127	840	318	758	268	759	13,396
1967	11,387	112	1,304	294	845	337	806	15,085
1968	13,597	112	992	339	919	371	776	17,106
	(Seasonally adjusted at annual rates)							
1966 I	9,816	132	840	320	716	232	728	12,784
II	9,940	120	840	356	728	260	752	12,996
III	10,640	128	836	280	792	284	780	13,740
IV	10,908	128	844	316	796	296	776	14,064
1967 I	11,448	124	952	320	832	320	844	14,840
II	11,504	116	1,484	236	848	348	776	15,312
III	10,712	104	1,744	312	832	352	808	14,864
IV	11,884	104	1,036	308	868	328	796	15,324
1968 I	13,148	112	944	300	916	304	736	16,460
II	13,492	116	1,064	360	928	368	776	17,104
III	13,436	108	1,016	380	908	424	788	17,060
IV	14,312	112	944	316	924	388	804	17,800

REFERENCE TABLE 59 (Continued)

INTERNATIONAL PAYMENTS: CURRENT ACCOUNT

1947 to 1968

Years and Quarters	Current Payments:							
	Merchandise Imports (Adjusted)	Travel Expenditures	Interest and Dividends	Freight and Shipping	Inheritances and Emigrants' Funds	Official Contributions	Other Current Payments[1]	Total Current Payments
	(Millions of dollars)							
1947	2,535	167	337	278	49	38	295	3,699
1948	2,598	134	325	279	50	23	287	3,696
1949	2,696	193	390	253	59	6	315	3,912
1950	3,132	226	475	301	61	5	349	4,549
1951	4,101	280	452	354	70	9	393	5,659
1952	3,854	341	413	375	94	16	393	5,486
1953	4,212	365	406	374	96	25	463	5,941
1954	3,916	389	424	356	99	11	477	5,672
1955	4,543	449	473	415	116	24	526	6,546
1956	5,565	498	524	502	131	30	597	7,847
1957	5,488	525	594	515	157	40	661	7,980
1958	5,066	542	614	460	159	53	695	7,589
1959	5,572	598	671	525	165	72	697	8,300
1960	5,540	627	656	533	184	61	768	8,369
1961	5,716	642	764	568	176	56	794	8,716
1962	6,203	605	783	595	175	36	856	9,253
1963	6,579	585	860	648	185	65	888	9,810
1964	7,537	712	1,010	679	201	69	963	11,171
1965	8,627	796	1,086	761	211	93	1,037	12,611
1966	10,102	900	1,140	823	198	166	1,229	14,558
1967	10,906	877	1,190	884	213	181	1,377	15,628
1968	12,302	1,000	1,310	941	220	133	1,381	17,287
	(Seasonally adjusted at annual rates)							
1966 I	9,516	876	1,056	800	180	n.a.	1,276	13,704
II	9,856	892	1,104	816	192	n.a.	1,276	14,136
III	10,304	944	1,100	836	208	n.a.	1,528	14,920
IV	10,732	888	1,300	840	212	n.a.	1,500	15,472
1967 I	10,760	936	1,064	888	208	n.a.	1,520	15,376
II	11,188	848	1,188	888	208	n.a.	1,736	16,056
III	10,964	820	1,276	868	224	n.a.	1,452	15,604
IV	10,712	904	1,232	892	212	n.a.	1,524	15,476
1968 I	12,052	944	1,252	952	204	n.a.	1,428	16,832
II	11,820	928	1,368	936	212	n.a.	1,520	16,784
III	12,168	1,116	1,384	920	232	n.a.	1,544	17,364
IV	13,168	1,012	1,236	956	232	n.a.	1,564	18,168

[1]Includes official contributions from 1966 to 1968 quarterly.

SOURCE: DBS *Quarterly Estimates of the Canadian Balance of International Payments*, Quarterly, Cat. 67-001, Occasional, Cat. 67-505.

REFERENCE TABLE 60

NET BALANCES ON SELECTED NON-MERCHANDISE ACCOUNTS

1947 to 1968

Years and Quarters	Travel Expenditures			Inheritances and Migrants' Funds			Freight and Shipping	Interest and Dividends
	United States	Rest of World	All Countries	United States	Rest of World	All Countries	All Countries	All Countries
	(Millions of dollars)							
1947	89	− 5	84	−19	39	20	44	−273
1948	154	− 9	145	−19	53	34	57	−255
1949	102	−10	92	−26	35	9	50	−307
1950	67	−18	49	−16	12	− 4	−17	−381
1951	12	−18	− 6	−23	30	7	− 3	−337
1952	−37	−29	−66	−39	30	− 9	8	−261
1953	−25	−38	−63	−37	32	− 5	−56	−242
1954	−37	−47	−84	−36	26	−10	−43	−277
1955	−60	−61	−121	−45	15	−30	−17	−312
1956	−82	−79	−161	−63	31	−32	−45	−382
1957	−78	−84	−162	−77	44	−33	−70	−441
1958	−104	−89	−193	−57	− 5	−62	−59	−447
1959	−97	−110	−207	−71	15	−56	−105	−491
1960	−87	−120	−207	−92	10	−82	−91	−485
1961	−24	−136	−160	−85	13	−72	−82	−551
1962	93	−136	−43	−78	27	−51	−86	−581
1963	161	−137	24	−87	53	−34	−85	−630
1964	109	−159	−50	−80	48	−32	−35	−678
1965	112	−161	−49	−69	74	5	−93	−164
1966	102	−162	−60	−39	109	70	−65	−822
1967	549	−122	427	n.a.	n.a.	124	−39	−896
1968	198	−206	− 8	n.a.	n.a.	151	−22	−971
	(Seasonally adjusted at annual rates)							
1966 I	n.a.	n.a.	−36	n.a.	n.a.	52	−84	−736
II	n.a.	n.a.	−52	n.a.	n.a.	68	−88	−748
III	n.a.	n.a.	−108	n.a.	n.a.	76	−44	−820
IV	n.a.	n.a.	−44	n.a.	n.a.	84	−44	−984
1967 I	n.a.	n.a.	16	n.a.	n.a.	112	−56	−744
II	n.a.	n.a.	636	n.a.	n.a.	140	−40	−952
III	n.a.	n.a.	924	n.a.	n.a.	128	−36	−964
IV	n.a.	n.a.	132	n.a.	n.a.	116	−24	−924
1968 I	n.a.	n.a.	—	n.a.	n.a.	100	−36	−952
II	n.a.	n.a.	136	n.a.	n.a.	156	− 8	−1,008
III	n.a.	n.a.	−100	n.a.	n.a.	192	−12	−1,004
IV	n.a.	n.a.	−68	n.a.	n.a.	156	−32	−920

SOURCE: DBS *Quarterly Estimates of the Canadian Balance of International Payments.*

REFERENCE TABLE 61

SUMMARY OF BALANCE OF PAYMENTS
1947 to 1968

Years and Quarters	Merchandise Trade Balance	Deficit on Non-Merchandise Transactions[1]	Current Account Balance[1]	Gold Production Available for Export	Capital Movements Inflows and Outflows (—): Long-term Forms	Capital Movements Inflows and Outflows (—): Short-term Forms	Total	of which: Increase or Decrease (—) in Official Holdings of Gold and Foreign Exchange	of which: Net International Monetary Fund Position	of which: Reciprocal Swap Falicity With Federal Reserve System
	(Millions of dollars)									
1947	188	−238	− 50	99	−721	4	−668	−742	74	—
1948	432	−100	332	119	43	− 2	492	492	—	—
1949	293	−255	38	139	− 29	− 20	128	128	—	—
1950	7	−489	−482	163	610	431	722	722	—	—
1951	−151	−511	−662	150	666	− 98	56	56	—	—
1952	485	−448	37	150	455	−605	37	37	—	—
1953	− 60	−532	−592	144	649	−239	− 38	− 38	—	—
1954	18	−597	−579	155	599	− 51	124	124	—	—
1955	−211	−631	−842	155	414	229	− 44	− 44	—	—
1956	−728	−791	−1,519	147	1,490	− 70	48	33	15	—
1957	−594	−1,001	−1,595	144	1,320	26	−105	−105	—	—
1958	−176	−1,118	−1,294	157	1,153	93	109	109	—	—
1959	−421	−1,214	−1,635	148	1,179	297	− 11	− 70	59	—
1960	−148	−1,247	−1,395	162	929	265	− 39	− 39	—	—
1961	173	−1,263	−1,090	162	930	288	290	229	61	—
1962	184	−1,169	−985	155	688	297	155	537	−378	−4[2]
1963	503	−1,178	−675	154	637	30	146	60	86	—
1964	701	−1,270	−569	145	820	−33	363	86	277	—
1965	118	−1,386	−1,268	138	864	423	157	− 11	168	—
1966	224	−1,513	−1,289	127	1,061	−258	−359	−462	103	—
1967	481	−1,136	−655	112	1,339	−778	18	34	− 16	—
1968	1,295	−1,588	−293	112	1,544	−1,010	353	604	−249	−2[2]
	(Not seasonally adjusted)									
1966 I	10	−431	−421	34	465	−216	−138	−166	28	—
II	− 49	−360	−409	29	214	49	−117	−181	64	—
III	223	−222	1	32	239	−357	− 85	−105	20	—
IV	40	−500	−460	32	143	266	− 19	− 10	− 9	—
1967 I	98	−464	−366	32	277	44	− 13	− 35	22	—
II	6	−314	−308	28	256	− 30	− 54	− 37	− 17	—
III	86	90	176	26	301	−447	56	55	1	—
IV	291	−448	−157	26	505	−345	29	51	− 22	—
1968 I	231	−508	−277	29	112	−629	−765	− 23	−471	−271
II	355	−387	− 32	28	721	− 97	620	355	130	135
III	467	−193	274	27	392	−532	161	− 43	70	134
IV	242	−500	−258	28	319	248	337	315	22	—

[1] Excluding gold production available for export.

[2] Represent differences in Canadian dollar equivalents as between receipt and repayment of special international assistance. denominated in US dollars, including, in 1962, a swap with the UK authorities.

SOURCE: DBS *Quarterly Estimates of the Canadian Balance of International Payments.*

REFERENCE TABLE 62

INTERNATIONAL PAYMENTS: CAPITAL MOVEMENTS
1947 to 1968

Years and Quarters	Direct Investment in Canada	Direct Investment Abroad	Canadian Securities: Trade in Outstanding Bonds and Debentures	Canadian Securities: Trade in Outstanding Common and Preference Stocks	Canadian Securities: New Issues	Canadian Securities: Retirements	Foreign Securities (Total)	Loans and Capital Subscriptions by Government of Canada: Advances, etc.	Loans and Capital Subscriptions by Government of Canada: Repayments to Canada	Columbia River Treaty Net	Long-Term Capital Transactions not included elsewhere[1]
	(Millions of dollars)										
1947.....	61	6	—	−13	95	−364	5	−598	111	—	−24
1948.....	71	15	—	3	150	−114	− 8	−142	80	—	−12
1949.....	94	13	—	8	105	−147	20	−126	18	—	−14
1950.....	225	35	—	329	210	−284	76	−50	74	—	− 5
1951.....	320	−30	—	38	411	−184	15	—	68	—	28
1952.....	360	−85	−168	73	323	−89	−11	—	56	—	− 4
1953.....	450	−70	−52	21	335	−146	− 1	—	87	—	25
1954.....	425	−90	−66	129	333	−205	−24	—	72	—	25
1955.....	445	−85	−165	137	166	−185	− 5	—	69	—	37
1956.....	650	−105	11	187	667	−141	− 3	− 4	69	—	159
1957.....	545	−80	−45	142	800	−134	1	− 1	50	—	42
1958.....	430	−40	—	88	688	−158	1	−34	64	—	1,114
1959.....	570	−85	92	110	709	−258	−34	− 1	34	—	42
1960.....	670	−50	3	51	448	−266	−19	−11	32	—	71
1961.....	560	−80	61	39	548	−301	−35	− 8	38	—	108
1962.....	505	−105	64	−115	729	−319	−65	−22	129	—	−113
1963.....	280	−135	39	−170	984	−404	22	−18	25	—	14
1964.....	270	−95	77	−98	1,100	−382	−52	−10	10	54	−54
1965.....	535	−125	55	−274	1,240	−390	−85	−14	10	32	−120
1966.....	710	− 5	−104	−136	1,465	−499	−401	−35	24	32	10
1967.....	620	−90	−56	12	1,300	−338	−418	−38	34	44	269
1968.....	585	−170	−70	112	1,961	−395	−464	−78	5	88	−30
	(Not seasonally adjusted)										
1966 I.....	134	−22	−12	−14	577	−116	−79	− 6	2	—	1
II....	203	−29	−25	−44	357	−165	−126	− 3	2	—	44
III...	151	80	−52	−34	303	−87	−103	− 9	1	—	−11
IV...	222	−34	−15	−44	228	−131	−93	−17	19	32	−24
1967 I.....	138	−30	−10	−53	317	−58	−74	− 3	11	—	39
II....	164	− 7	−22	−17	291	−131	−70	− 3	2	—	49
III...	143	−25	−10	30	274	−48	−142	− 9	1	—	87
IV...	175	−28	−14	52	418	−101	−132	−23	20	44	94
1968 I.....	10	−85	−53	15	416	−126	−87	−10	2	—	30
II....	205	10	−11	34	712	−121	−127	− 8	2	—	25
III...	185	−15	−13	10	488	−39	−132	−16	1	—	−77
IV...	185	−80	7	53	345	−109	−118	−44	—	88	− 8

REFERENCE TABLE 62 (Continued)

INTERNATIONAL PAYMENTS: CAPITAL MOVEMENTS
1947 to 1968

Years and Quarters	Change in Certain Canadian Assets of Foreigners:						Bank Balances and Other Short-term Funds Abroad	All Other Transactions	Net Capital Movements Excluding Monetary Items Shown in the following Columns	Official Monetary Movements in the Form of:		
	Canadian Dollar Deposits	Government of Canada Demand Liabilities	Canadian Treasury Bills	Short-term Funds: Canadian Commercial Paper	Short-term Funds: Canadian Finance Paper	Canadian Finance Company Obligations not included elsewhere				Change in the Official Holdings of Gold and Foreign Exchange	Change in Net International Monetary Fund Position	Other Special International Financial Assistance
	(Millions of dollars)											
1947	−26	33	—	—(2)	—(2)	—(2)	−8	5	−717	−742	74	—
1948	−21	—	—	—	—	—	−2	21	41	492	—	—
1949	33	—	8	—	—	—	−2	−59	−49	128	—	—
1950	235	− 4	− 3	—	—	—	11	192	1,041	722	—	—
1951	−190	− 8	2	—	—	—	− 14	112	568	56	—	—
1952	−66	− 5	1	—(3)	—(3)	35	−165	−405	−150	37	—	—
1953	−22	−11	− 2	—	—	−2	− 80	−122	410	− 38	—	—
1954	27	−15	8	—	—	10	− 75	− 6	548	124	—	—
1955	60	− 9	29	—	—	23	91	35	643	− 44	—	—
1956	−30	—	3	—	—	64	−216	109	1,420	33	15	—
1957	−15	—	−18	—	—	4	−274	329	1,346	−105	—	—
1958	39	45	21	—	—	24	− 58	22	1,246	109	—	—
1959	10	−8	14	—	—	68	−119	332	1,476	− 70	59	—
1960	79	−12	56	—	—	59	− 60	143	1,194	− 39	—	—
1961	33	− 2	−58	—	—	95	140	80	1,218	229	61	—
1962	−10	− 4	4	—	—	119	93	95	985	537	−378	−4(4)
1963	43	1	−27	−23	93	35	−258	166	667	60	86	—
1964	28	—	−16	−11	196	52	−528	246	787	86	277	—
1965	31	2	12	10	−162	209	138	183	1,287	− 11	168	—
1966	10	5	−15	—	− 4	154	−601	193	803	−462	103	—
1967	24	− 4	4	11	− 54	34	−286	−507	561	34	− 16	—
1968	70	21	48	−11	−135	19	−373	−649	534	604	−249	−2(4)
	(Not seasonally adjusted)											
1966 I	−15	− 6	− 8	−12	27	34	−171	− 72	249	−166	28	—
II	− 8	− 2	—	− 5	− 5	−11	− 16	81	263	−181	64	—
III	21	5	2	12	−55	44	−317	− 57	−118	−105	20	—
IV	12	8	− 9	5	29	87	− 97	241	409	− 10	− 9	—
1967 I	48	− 6	15	− 6	7	−17	332	−329	321	− 35	22	—
II	−59	− 7	8	5	−24	11	44	− 8	226	− 37	−17	—
III	7	− 2	−17	1	−55	−31	−311	− 39	−146	55	1	—
IV	28	11	− 2	11	18	71	−315	−131	160	51	−22	—
1968 I	8	− 4	23	7	−60	− 7	−125	−471	−517	− 23	−471	−271
II	4	− 3	1	−17	−35	− 6	27	− 68	624	355	130	135
III	4	1	11	2	−37	− 1	−149	−363	−140	− 43	70	134
IV	54	27	13	− 3	− 3	33	−126	253	567	315	22	—

(1)From 1947 to 1961, includes export credits extended from Canada directly or indirectly at risk of the Government of Canada.

(2)Included in "all other transactions" from 1947 to 1951.

(3)Included in "Canadian finance company obligations n.i.e." from 1952 to 1962.

(4)Represent differences in Canadian dollar equivalents as between receipt and repayment of special international assistance, denominated in U.S. dollars, including, in 1962, a swap with the U.K. authorities.

SOURCE: DBS *Quarterly Estimates of the Canadian Balance of International Payments.*

REFERENCE TABLE 63

NET PROCEEDS FROM NEW ISSUES OF CANADIAN BONDS AND DEBENTURES TO NON-RESIDENTS

1947 to 1968

Years and Quarters	Government of Canada (Including Guaranteed)			Provincial Governments (Including Guaranteed)			Municipal Governments		
	New Issues	Retirements	Net Proceeds	New Issues	Retirements	Net Proceeds	New Issues	Retirements	Net Proceeds
	(Millions of dollars)								
1947	n.a.	39	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1948	150	36	114	—	n.a.	n.a.	—	n.a.	n.a.
1949	99	96	3	—	n.a.	n.a.	6	n.a.	n.a.
1950	62	159	−97	96	n.a.	n.a.	20	n.a.	n.a.
1951	7	94	−87	262	43	219	72	12	60
1952	1	18	−17	107	38	69	55	17	38
1953	6	84	−78	143	28	115	76	15	61
1954	8	69	−61	126	63	63	46	28	18
1955	5	100	−95	3	19	−16	44	18	26
1956	9	83	−74	224	15	209	112	18	94
1957	16	29	−13	136	25	111	123	24	99
1958	76	25	51	168	45	123	148	30	118
1959	56	101	−45	334	41	293	157	33	124
1960	30	58	−28	103	57	46	135	38	97
1961	37	48	−11	66	24	42	47	38	9
1962	156	86	70	148	22	126	74	41	33
1963	173	76	97	343	70	273	62	77	−15
1964	43	88	−45	439	66	373	182	53	129
1965	28	85	−57	297	31	266	84	53	31
1966	32	203	−171	448	65	384	177	96	81
1967	20	95	−75	760	61	699	163	53	110
1968	288	59	229	898	73	825	130	61	69
	(Not seasonally adjusted)								
1966 I	4	54	−50	126	24	102	60	13	47
II	10	80	−70	168	15	153	52	16	36
III	12	43	−31	95	13	82	5	11	− 6
IV	6	26	−20	59	13	46	60	56	4
1967 I	3	3	—	217	22	195	56	11	45
II	4	63	−59	242	24	218	6	12	− 6
III	4	—	4	118	5	113	52	8	44
IV	9	29	−20	183	10	173	49	22	27
1968 I	4	11	− 7	240	21	219	46	16	30
II	255	30	225	180	19	161	34	11	23
III	4	—	4	279	8	271	25	11	14
IV	25	18	7	199	25	174	25	23	2

REFERENCE TABLE 63 (Continued)

NET PROCEEDS FROM NEW ISSUES OF CANADIAN BONDS AND DEBENTURES TO NON-RESIDENTS
1947 to 1968

Years and Quarters	Total Governments			Corporations (Including Railroads)			Total		
	New Issues	Retirements	Net Proceeds	New Issues	Retirements	Net Proceeds	New Issues	Retirements	Net Proceeds
	(Millions de dollars)								
1947	n.a.	39	n.a.	n.a.	n.a.	n.a.	95	n.a.	n.a.
1948	150	36	114	—	n.a.	n.a.	150	n.a.	n.a.
1949	105	96	9	—	n.a.	n.a.	105	n.a.	n.a.
1950	178	159	19	28	n.a.	n.a.	206	n.a.	n.a.
1951	341	149	192	28	n.a.	n.a.	369	n.a.	n.a.
1952	163	73	90	136	15	121	299	88	211
1953	225	127	98	64	13	51	289	140	149
1954	180	160	20	133	35	98	313	195	118
1955	52	137	−85	51	41	10	103	178	−75
1956	345	116	229	252	20	232	597	136	461
1957	275	78	197	464	31	433	739	109	630
1958	392	100	292	253	42	211	645	142	503
1959	547	175	372	114	66	48	661	241	420
1960	268	153	115	154	104	50	422	257	165
1961	150	110	40	354	136	218	504	246	258
1962	378	149	229	331	140	191	709	289	420
1963	578	223	355	392	101	291	970	324	646
1964	664	207	457	414	117	297	1,078	324	754
1965	409	169	240	807	214	593	1,216	383	833
1966	657	364	293	751	131	620	1,408	495	913
1967	943	209	734	312	129	183	1,255	338	917
1968	1,316	193	1,123	573	201	372	1,889	394	1,495
	(Not seasonally adjusted)								
1966 I	190	91	99	341	24	317	531	115	416
II	230	111	119	124	53	71	354	164	190
III	112	67	45	187	18	169	299	85	214
IV	125	95	30	99	36	63	224	131	93
1967 I	276	36	240	30	22	8	306	58	248
II	252	99	153	31	32	− 1	283	131	152
III	174	13	161	93	35	58	267	48	219
IV	241	61	180	158	40	118	399	101	298
1968 I	290	48	242	117	78	39	407	126	281
II	469	60	409	233	61	172	702	121	581
III	308	19	289	152	20	132	460	39	421
IV	249	66	183	71	42	29	320	108	212

SOURCE: DBS *Sales and Purchases of Securities Between Canada and Other Countries*, Monthly, Cat. 67-002.

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REFERENCE TABLE 64

CANADIAN CHARTERED BANKS' HEAD OFFICES AND BRANCHES IN CANADA
NET CHANGE IN FOREIGN CURRENCY POSITIONS(a)

1966 to 1968

(Not seasonally adjusted)

—	1966	1967	1968	1967				1968			
				I	II	III	IV	I	II	III	IV
	(Millions of dollars)										
With U.S. residents:											
Assets	208	273	169	−366	116	254	269	−207	247	210	− 81
Liabilities	−309	76	−296	12	7	−103	160	− 98	38	−145	− 91
Net	517	197	465	−378	109	357	109	−109	209	355	10
Other non-residents:											
Assets	− 2	391	744	3	165	−104	327	223	40	95	386
Liabilities	48	188	792	−123	215	21	75	48	197	273	274
Net	− 50	203	− 48	126	− 50	−125	252	175	−157	−178	112
Total non-residents:											
Assets	206	664	913	−363	281	150	596	16	287	305	305
Liabilities	−261	264	496	−111	222	− 82	235	− 50	235	128	183
Net claims (c)	467	400	417	−252	59	232	361	66	52	177	122
With Canadian residents:											
Assets (b)	84	−110	− 54	− 19	− 73	− 1	− 17	− 29	− 22	− 7	4
Liabilities (a)[1]	401	364	88	−189	− 31	146	438	35	− 90	104	39
(of which swapped deposits)	(187)	(165)	(−141)	(−145)	(− 11)	(88)	(233)	(−164)	(−161)	(166)	(18)
Net	−317	−474	−142	170	− 42	−147	−455	− 64	68	−111	−35
Changes in banks' own position (a)[2]	150	− 74	275	− 82	17	85	− 94	2	120	66	87

(a)Adjusted for variations in exchange rates.

Balance of payments effects:
(a)[1]+(a)[2] with sign reversed, is major component of D.17. 1, "bank balances and other short-term funds-abroad" as follows:

−[(a)[1]+(a)[2]]	−551	−290	−363	271	14	−231	−344	− 37	− 30	−170	−126
D.17.1	−601	−286	−373	332	44	−311	−351	−125	27	−149	−126

(b) is divided between D.17.5 and D.13, respectively short and long-term residual capital items.
(c) with sign reversed is net balance of payments effect of banks foreign-currency operations.

SOURCE: Department of Finance.

REFERENCE TABLE 65

FINANCING OF CANADA'S BILATERAL ACCOUNT WITH THE UNITED STATES.
1947 to 1968

Years and Quarters	Transactions with U.S. (Excluding International Financial Agencies): Current Account Deficit (Excluding Gold)	Capital Inflow from U.S.	Net Amount to be Financed by Other Transactions	Other Transactions: Current Account Surplus with Rest of World	Net Capital Movement from or to Rest of World	New Gold Production Available for Export	Increase(−) in Canadian Holdings of Gold and Foreign Exchange	Change in Canada's Position with the International Monetary Fund[1]	Reciprocal Swap Facility with Federal Reserve System	Total Financing
	(Millions of dollars)									
1947.....	−1,233	−163	−1,396	1,183	−554	99	742	− 74	—	1,396
1948.....	− 512	111	−401	844	− 70	119	−492	—	—	401
1949.....	− 740	64	−676	778	−113	139	−128	—	—	676
1950.....	− 548	946	−398	66	95	163	−722	—	—	398
1951.....	−1,095	556	−539	433	12	150	− 56	—	—	539
1952.....	− 980	−106	−1,086	1,017	− 44	150	− 37	—	—	1,086
1953.....	−1,051	199	−852	459	211	144	38	—	—	852
1954.....	− 955	379	−576	376	169	155	−124	—	—	576
1955.....	−1,184	366	−818	342	277	155	44	—	—	818
1956.....	−1,797	891	−906	278	529	147	− 33	− 15	—	906
1957.....	−1,723	942	−781	128	404	144	105	—	—	781
1958.....	−1,324	1,045	−279	30	201	157	−109	—	—	279
1959.....	−1,369	1,312	− 57	−266	164	148	70	− 59	—	57
1960.....	−1,521	974	−547	126	220	162	39	—	—	547
1961.....	−1,503	1,311	−192	413	− 93	162	−229	− 61	—	192
1962.....	−1,247	1,073	−174	262	− 88	155	−537	378	4[2]	174
1963.....	−1,302	829	−473	627	−162	154	− 60	− 86	—	473
1964.....	−1,780	1,639	−141	1,211	−852	145	− 86	−277	—	141
1965.....	−2,075	437	−1,638	807	850	138	11	−168	—	1,638
1966.....	−2,157	1,059	−1,098	868	−256	127	462	−103	—	1,098
1967.....	−1,491	336	−1,155	836	225	112	− 34	16	—	1,155
1968.....	−1,069	− 66	−1,135	776	600	112	−604	249	2[2]	1,135
	(Not seasonally adjusted)									
1966 I.....	−640	544	− 96	201	−277	34	166	− 28	—	96
II....	−634	265	−369	230	− 7	29	181	− 64	—	369
III...	−215	32	−183	226	−158	30	105	− 20	—	183
IV....	−658	199	−459	219	189	32	10	9	—	459
1967 I.....	−605	370	−235	257	− 67	32	35	− 22	—	235
II....	−528	38	−490	252	155	28	37	17	—	490
III...	27	−241	−214	149	95	26	− 55	− 1	—	214
IV....	−356	145	−211	199	15	26	− 51	22	—	211
1968 I.....	−489	−364	−853	212	−153	29	23	471	271	853
II....	−317	156	−161	285	468	28	−355	−130	−135	161
III...	93	−449	−356	181	309	27	43	− 70	−134	356
IV....	−356	591	235	98	− 24	28	−315	− 22	—	−235

[1]Improvement (−) in Canadian position represents net provision of resources by Canada to the IMF.

[2]Represent differences in Canadian dollar equivalents as between receipt and repayment of special international assistance, denominated in US dollars, including, in 1962, a swap with the UK authorities.

SOURCE: DBS *Quarterly Estimates of the Canadian Balance of International Payments.*

REFERENCE TABLE 66

CANADA'S RESERVE POSITION WITH THE INTERNATIONAL MONETARY FUND[1][2]

1946 to 1968

Years and Quarters	Increase in Gold Subscriptions	Drawings by Canada (−)	Repurchases (Repayments of Drawings) by Canada	Net Fund Sales or Repurchases (−) of Canadian Dollars to or from Third Countries	Fund Sales of Gold for Canadian Dollars	Reserve Position at end of Period[3]
	(Millions of U.S. dollars)					
1946	1.0	—	—	—	—	1.0
1947	74.0	—	—	—	—	75.0
1956	—	—	—	15.0	—	90.0
1958	—	—	—	−0.1	—	90.0
1959	62.5	—	—	—	—	152.5
1961	—	—	—	84.6	25.0	212.1
1962	—	−300.0	—	−50.3	—	−138.2
1963	—	—	79.7	—	—	−58.5
1964	—	—	166.0	99.0	− 9.0	197.5
1965	—	—	—	183.4	−27.5	353.4
1966	47.5	—	—	47.6	—	448.5
1967	—	—	—	−15.1	—	433.4
1968	—	−426.0[4]	64.8	131.2	—	206.2[5]
	(Not seasonally adjusted)					
1966 I	—	—	—	25.5	—	378.9
II	47.5	—	—	11.9	—	438.3
III	—	—	—	18.7	—	457.0
IV	—	—	—	−8.5	—	448.5
1967 I	—	—	—	20.0	—	468.5
II	—	—	—	−16.1	—	452.4
III	—	—	—	1.2	—	453.7
IV	—	—	—	−20.3	—	433.4
1968 I	—	−426.0[4]	—	−7.3	—	0.1
II	—	—	—	121.0	—	121.1
III	—	—	64.8	—	—	185.9
IV	—	—	—	17.5	—	206.2[5]

NOTE: Fund borrowing under the General Arrangements to Borrow (GAB) does not affect the reserve position.

(1)Only those years in which transactions take place are shown.

(2)Columns may not cross-add due to rounding.

(3)A negative figure indicates the amount by which the credit tranche position falls short of the quota.

(4)Includes the Fund's repayment of its 1965 borrowing from Canada ($35 million).

(5)Includes $2.8 million, representing Canada's share in IMF dividend paid to members in their own currencies.

SOURCE: IMF *International Financial Statistics*, Monthly.

REFERENCE TABLE 67

OFFICIAL HOLDINGS OF GOLD AND UNITED STATES DOLLARS

Monthly

1966 to 1969

End of period	Gold	U.S. Dollars	Total	Net I.M.F. Position[1]	Grand Total
	(Millions of U.S. dollars)				
1966 J	1,112.8	1,449.6	2,562.4	276.4	2,838.8
F	1,076.5	1,471.1	2,547.6	246.2	2,793.8
M	1,085.6	1,424.2	2,509.8	241.4	2,751.2
A	1,096.0	1,373.1	2,469.1	254.8	2,723.9
M	1,060.7	1,351.5	2,412.2	263.5	2,676.0
J	1,024.2	1,317.6	2,341.8	253.3	2,595.1
J	986.2	1,329.2	2,315.4	255.3	2,570.7
A	996.7	1,284.3	2,281.0	261.8	2,542.8
S	1,008.7	1,235.6	2,242.3	272.0	2,516.3
O	1,020.5	1,202.7	2,223.2	272.1	2,495.3
N	1,033.7	1,208.4	2,242.1	267.5	2,509.6
D	1,045.6	1,190.3	2,235.9	263.5	2,499.4
1967 J	1,055.9	1,182.3	2,238.2	283.5	2,521.7
F	1,069.6	1,124.6	2,194.2	283.5	2,477.7
M	1,083.5	1,119.9	2,203.4	283.5	2,486.9
A	1,042.3	1,145.9	2,188.2	280.1	2,468.3
M	1,052.9	1,141.7	2,194.6	263.5	2,458.1
J	1,066.3	1,102.4	2,168.7	267.4	2,436.1
J	1,073.5	1,109.1	2,182.6	265.9	2,448.5
A	1,085.7	1,112.1	2,197.8	263.7	2,461.5
S	1,099.3	1,121.5	2,220.8	268.7	2,489.5
O	1,103.8	1,199.6	2,303.4	266.7	2,570.1
N	1,110.0	1,166.9	2,276.9	248.4	2,525.3
D	1,014.9	1,252.9	2,267.8	248.4	2,516.2
1968 J	1,024.8	1,150.5	2,175.3	243.2	2,418.5
F	1,026.2	1,463.8	2,490.0	−184.9	2,305.1
M	976.1	1,268.3	2,244.4	−184.9	2,079.5
A	976.1	1,439.5	2,415.6	−184.9	2,230.7
M	926.3	1,768.7	2,695.0	−184.9	2,510.1
J	926.3	1,647.7	2,574.0	−63.9	2,510.1
J	926.3	1,588.3	2,514.6	−63.9	2,450.7
A	926.3	1,663.2	2,589.5	−63.9	2,525.6
S	863.1	1,671.0	2,534.1	0.9	2,535.0
O	863.1	1,662.2	2,525.3	3.7	2,529.0
N	863.1	1,809.3	2,672.4	11.2	2,683.6
D	863.1	1,963.7	2,826.8	21.2	2,848.0
1969 J	863.1	2,001.4	2,864.5	27.2	2,891.7
F	863.1	1,957.0	2,820.1	27.2	2,847.3
M	863.1	1,916.2	2,779.3	36.2	2,815.5
A	863.1	1,919.2	2,782.3	46.2	2,828.5

[1]A negative sign indicates a net debtor position with the International Monetary Fund.

SOURCE: Department of Finance.

REFERENCE TABLE 68

DETAILS OF NEW ISSUES AND RETIREMENTS OF GOVERNMENT OF CANADA
DIRECT AND GUARANTEED MARKETABLE BONDS FROM JANUARY 1, 1968 TO APRIL 15, 1969

(Millions of dollars par value)

Date	Retirements	Amount	Sub-Total	New Bonds	Amount Delivered	Sub-Total	Net Change in Amount Outstanding	Term of New Bonds	Yield to Maturity
January 15	4½% Jan. 15, 1968	303		6% Feb. 15, 1970	250			2 yrs. 1 mo.	6.20
	5½% Jan. 15, 1968	97	400	6% Dec. 15, 1971	200	450	+50	3 yrs. 11 mos.	6.44
April 1	4½% Apr. 1, 1968	175		5½% Apr. 1, 1969	60			1 yr.	7.03
	2¾% June 15, 1968	24		7% Apr. 1, 1973	215(1)	275		5 yrs.	7.30
	4½% June 15, 1968	25							
	5% Oct. 1, 1968	26							
	4¾% Dec. 15, 1968	25	275				—		
April 3	5½% Aug. 1, 1980(2)	9	9				−9		
April 15	5% Oct. 15, 1987(3)	1	1				−1		
May 15	CNR 5% May 15, 1968	56	56	5¾% May 15, 1970	35		−56	2 yrs.	5.75
				5¾% May 15, 1971	36			3 yrs.	5.87
				6% May 15, 1972	37	108(4)	+108	4 yrs.	6.00
May 24				6¾% June 1, 1973	68	68(5)	+68	5 yrs. 7 days	6.87
June 1				6⅞% June 1, 1988	78	78(6)	+78	20 yrs.	6.90
June 15	2¾% June 15, 1968	285		6¾% July 1, 1969	75			1 yr. ½ mo.	7.00
	4½% June 15, 1968	135		7% Oct. 1, 1970	275			2 yrs. 3½ mos.	7.11
	5% Oct. 1, 1968	75	495	7% June 15, 1974	250(7)	600	+105	6 yrs.	7.26
August 1				6½% Dec. 15, 1969	35			1 yr. 4½ mos.	6.65
				6¾% Oct. 1, 1970	105			2 yrs. 2 mos.	6.75
				7% Apr. 1, 1973	260(8)	400	+400	4 yrs. 8 mos.	7.00
September 13	5% Oct. 1, 1968	100	100(9)				−100		
October 1	5% Oct. 1, 1968	260	260	6% Feb. 15, 1970	35			1 yr. 4½ mos.	6.11
				6½% Oct. 1, 1971	200			3 yrs.	6.25
				6½% Apr. 1, 1975	200			6 yrs. 6 mos.	6.60
				6¾% Oct. 1, 1995	100	535	+275	27 yrs.	6.60
October 15	5% Oct. 15, 1987(3)	1	1	6⅞% June 1, 1988	14	14(6)	+13	20 yrs.	6.87
December 15	4¾% Dec. 15, 1968	100	100	6½% May 1, 1970	50			1 yr. 4½ mos.	6.28
				6¼% Apr. 1, 1971	200(10)	250	+150	2 yrs. 3½ mos.	6.36
TOTAL (Calendar 1968)			1,697			2,778	+1,081		

January 15				6⅞% June 1, 1988	16	16[6]	+16	20 yrs.	6.87
March 14	5% July 1, 1969	100	100[9]				−100		
Total (Fiscal 1968–69)			1,397			2,344	+947		
April 1	5½% April 1, 1969	410	410	7% May 1, 1970 7¼% Apr. 1, 1972 7¼% Apr. 1, 1974	125 185[11] 100[11] [12]	410		1 yr. 1 mo. 3 yrs. 5 yrs.	7.09 7.29 7.25
April 15	5% Oct. 15, 1987[3]	1	1				−1		

(1)$100 million 7% bonds exchanged directly with Bank of Canada for bonds maturing in 1968.
(2)Subject to purchase fund.
(3)U.S. pay issue subject to partial redemption for sinking fund on prorated basis following partial retirement of issue on December 1, 1967.
(4)Payable in Italian Lire and placed directly with Italian Exchange Office.
(5)Payable in German Marks and offered in Europe through Deutsche Bank.
(6)U.S. pay issue in principal amount U.S. $100 million, subject to delayed delivery contracts.
(7)$75 million 7% due 1974 exchanged directly with Bank of Canada for bonds maturing in 1968.
(8)$100 million 7% due 1973 exchanged directly with Bank of Canada for bonds due October 1, and December 15, 1968.
(9)Cancellation of securities held in the Securities Investment Account.
(10)$100 million 6¼% due 1971 exchanged directly with Bank of Canada for 5% bonds maturing July 1, 1969 and since cancelled.
(11)$50 million 7¼% due 1972 and $25 million 7¼% due 1974 exchanged directly with Bank of Canada for $75 million 5¾% bonds maturing October 1, 1969.
(12)Exchangeable between April 1, 1973 and September 30, 1973 into an equal par value of 10 year 7½% bonds to be dated April 1, 1974 and due April 1, 1984.

Source: Department of Finance.

REFERENCE TABLE 69

CHANGES IN MARKET BONDS AND CANADA SAVINGS BONDS OUTSTANDING

1964 to 1968

—	1964	1965	1966	1967	1968	1st half 1968	2nd half 1968
	(Millions of dollars)						
New Issues in Canadian dollars:							
Government of Canada—market[1]	−45	−380	82	800	1,178	333	845
—Canada Savings Bonds	480	253	223	230	38	−524	562
Sub-total	435	−127	305	1,030	1,216	−191	1,407
Provinces and municipalities[2]	928	724	1,128	1,172	723	323	400
Corporations	613	1,004	558	815	390	204	186
Total	1,976	1,601	1,991	3,017	2,329	336	1,993
Foreign-Pay Bond Issues:							
Government of Canada	—	−5	−5	−205	266	253	13
Provinces and municipalities	472	267	424	800	927	449	478
Corporations	205	394	542	138	399	263	136
Total	677	656	961	733	1,592	965	627
TOTAL BOND ISSUES	2,653	2,257	2,952	3,750	3,921	1,301	2,620
Taken up by:							
Bank of Canada	24	357	1	334	135	−426	561
Chartered Banks	−191	54	113	873	1,092	364	728
Non-bank holders:							
Market bonds	1,663	937	1,654	1,580	1,064	922	142
Canada Savings Bonds	480	253	223	230	38	−524	562
Holders of Canadian foreign-pay	677	656	961	733	1,592	965	627
TOTAL	2,653	2,257	2,952	3,750	3,921	1,301	2,620

[1]Includes Treasury bills and outstanding marketable bonds held in Government of Canada Accounts and excludes non-marketable bonds.

[2]Excludes securities bought by the Canada Pension Plan.

SOURCES: Bank of Canada and Department of Finance.

REFERENCE TABLE 70

MORTGAGE LOAN APPROVALS[1]

1962 to 1968

—	Private Lending Institutions								CMHC[4]	Total Private and Public
	Conventional Mortgages			NHA	Total Private Lending	of which:				
	Non-Residential	Residential				Banks	Life Cos.	Trust Cos., etc.[3]		
		Existing[2]	New							
	(Millions of dollars)									
1962–1964 Average	397	476	638	383	1,894	3	900	991	313	2,207
1965	581	749	902	320	2,552	6	1,158	1,388	513	3,065
1966	382	471	574	191	1,618	—	804	814	593	2,211
1967	369	655	744	356	2,124	253	800	1,071	737	2,861
1968	335	570	963	832	2,700	446	844	1,410	503	3,203
1967 I	80	101	133	187	501	15	180	306	59	560
II	107	210	249	32	598	58	221	319	405	1,003
III	93	202	193	46	534	75	220	239	191	725
IV	89	142	169	90	490	105	178	207	81	571
1968 I	98	127	243	188	656	88	261	307	84	740
II	74	143	235	205	657	82	237	338	94	751
III	83	138	208	257	686	95	179	412	75	761
IV	80	162	277	182	701	181	167	353	250	951

[1]Data are on a gross basis, i.e., they do not necessarily take account of cancellations or alterations of loans after initial approval.

[2]Includes data on farm property.

[3]Includes loan and trust companies, Quebec saving banks, fraternal and mutual benefit societies.

[4]Includes student housing.

SOURCE: Central Mortgage and Housing Corporation.

REFERENCE TABLE 71

SUMMARY OF SOURCES OF NET NEW FINANCING IN CANADA

1965 to 1968

—	1965	1966	1967	1968
	(Millions of dollars)			
Government of Canada				
Market securities[1]	−380	82	800	1,178
Canada Savings Bonds	253	223	230	38
Sub-total	−127	305	1,030	1,216
Provinces[2] and Municipalities				
Bonds	724	1,590	1,841	1,427
Bank loans	198	137	80	28
Sub-total	922	1,727	1,921	1,455
Corporations and others[3]				
Bonds	1,004	558	815	390
Stocks	474	594	505	522
Commercial and Industrial Goods and Bankers' Acceptances	214	22	−53	5
Short-term commercial paper	−120	22	57	168
Bank loans	1,087	536	1,110	943
Sub-total	2,659	1,732	2,434	2,028
Individuals				
Mortgages from private sector institutions[4]	1,365	1,013	954	1,401•
Consumer credit	887	613	768	1,201•
Sub-total	2,252	1,626	1,722	2,602
TOTAL	5,706	5,390	7,107	7,301

(1)Includes Government of Canada Accounts and guaranteed bonds but excludes non-market bonds.

(2)Includes securities purchased by Canada Pension Plan.

(3)Others include unincorporated businesses, farmers, non-financial, religious and non-profit institutions.

(4)Chartered Banks, Quebec Savings Banks, Trust and Loan Companies, Life Insurance Companies, Credit Unions and Caisses Populaires and Trusteed Pension Plans. Includes a small amount of commercial and industrial mortgages.

•=estimated

SOURCE: Bank of Canada and Department of Finance.

REFERENCE TABLE 72

ESTIMATES OF NET CHANGES IN ASSETS AND LIABILITIES OF CHARTERED BANKS[1]

1966 to 1968

—	1966	1967	1968	1967				1968			
				I	II	III	IV	I	II	III	IV
	(Millions of dollars)										
Assets:											
Cash[2]	143	−54	45	−27	85	−66	−46	−109	28	47	79
Day, call and short loans	74	114	87	56	15	170	−127	−60	78	127	−58
Government of Canada Treasury bills	214	256	388	183	−72	148	− 3	94	64	455	−225
Government of Canada bonds	−30	570	519	195	133	215	27	−23	−13	376	179
Provincial bonds[3]	−55	63	31	8	37	30	−12	9	−18	41	− 1
Municipal bonds[3]	− 7	17	20	15	7	17	−22	—	1	13	6
Corporate bonds and stock	29	63	128	3	20	8	32	−27	10	62	83
Loans to:											
Provinces	35	119	−56	−24	18	73	52	−71	55	−43	3
Municipalities	80	−22	107	112	−141	−26	33	211	−78	−65	39
Grain dealers	37	272	272	292	−148	58	70	45	237	−32	22
Finance companies	−107	−72	22	−56	11	−24	− 3	79	−35	−69	38
Consumer credit[4]	217	519	688	45	253	115	106	77	187	166	258
Other loans to persons[4],[5]	−31	15	50	−23	17	11	10	−22	5	21	46
Farmers[4]	90	116	8	−73	91	65	33	−62	14	31	25
Businesses[4]	427	728	640	125	176	362	65	442	−69	146	121
Other[6]	24	− 7	17	−69	−72	−61	195	−67	−70	−59	213
Residential mortgages	−41	53	199	− 9	− 7	23	46	41	57	46	55
Net foreign currency assets	92	42	179	−27	129	48	−108	−43	102	66	54
Total[7]	1,191	2,792	3,344	726	552	1,166	348	514	555	1,338	937
Liabilities:											
Government of Canada deposits	93	−303	203	−20	−225	−218	160	383	−766	53	533
Personal savings deposits											
Chequable			−1,011				−556	−289	−367	−141	−214
Non-chequable	498	1,488	1,565	422	410	501	490	509	482	304	270
Fixed term			1,278				221	245	593	351	89
Non-personal term and notice	177	1,172	743	344	164	581	83	−10	538	264	−49
Demand	436	354	480	−263	85	290	242	−790	357	564	349
Total	1,204	2,711	3,258	483	434	1,154	640	48	837	1,395	978

(1) Except as indicated, all data is based on the average of Wednesday in the last month of the quarter.
(2) Bank of Canada notes and deposits.
(3) Securities purchased directly from issuer with a term of less than one year at time of issue are classified as loans.
(4) Data based on the last day of the quarter.
(5) Personal loans fully secured by marketable stocks and bonds and Home Improvement loans.
(6) Loans to finance the purchase of Canada Savings Bonds at the time of issue.
(7) The difference in changes in assets and liabilities is due mainly to the use of quarter-end data as indicated in note 4 and the exclusion of selected items from the balance sheet. On the asset side, net Canadian dollar items in transit, bank premises, shares of and loans to controlled corporations, coin, inter-bank deposits and other assets are excluded. The following liabilities are also excluded: advances from the Bank of Canada, outstanding debentures, accumulated appropriations for losses, other liabilities and shareholders' equity.

SOURCE: Bank of Canada and Department of Finance.

REFERENCE TABLE 73

ESTIMATES OF NET CHANGES IN ASSETS AND LIABILITIES OF TRUST COMPANIES

1966 to 1968

—	1966	1967	1968	1967				1968			
				I	II	III	IV	I	II	III	IV
	(Millions of dollars)										
Assets:											
Currency and deposits	−11	6	25	−19	—	−16	41	−12	8	14	15
Short-term notes and bills(1)	93	37	141	111	−109	74	−39	19	2	125	−5
Government of Canada bonds	47	23	62	−23	22	4	20	23	27	−39	51
Provincial bonds	34	56	—	31	25	—	—	−19	−8	33	−6
Municipal bonds	1	−16	9	16	−16	−8	−8	7	—	−1	3
Corporate bonds	21	51	29	39	13	7	−8	24	12	5	−2
Mortgages and sales agreements	193	245	308	35	67	76	67	54	84	96	74
Canadian preferred and common shares	8	2	12	—	1	2	−1	3	−2	6	5
Other assets(2)	49	26	33	18	11	3	−6	8	5	29	−19
Total	435	430	619	208	14	142	66	107	128	268	116
Liabilities:											
Demand and savings deposits	−19	67	61	13	18	39	−3	−1	−3	11	54
Certificates and term deposits	420	314	467	147	4	82	81	78	117	228	44
Other liabilities(3)	34	49	91	48	−8	21	−12	30	14	29	18

(1)Government of Canada treasury bills, short-term notes of sales finance companies, commercial paper, deposit receipts, certificates and term deposits in chartered banks, trust and mortgage loan companies and collateral loans.

(2)Investments in foreign securities, subsidiaries and affiliated companies, interest, dividends and rents receivable, real estate and equipment and other assets.

(3)Bank loans, short-term loans and notes payable, amount owing parent and affiliated companies, interest and dividends and other liabilities and shareholders' equity.

SOURCE: DBS *Business Financial Statistics*, Quarterly, Cat. No. 61-006.

REFERENCE TABLE 74

ESTIMATES OF NET CHANGES IN ASSETS AND LIABILITIES OF MORTGAGE LOAN COMPANIES

1966 to 1968

—	1966	1967	1968	1967				1968			
				I	II	III	IV	I	II	III	IV
	(Millions of dollars)										
Assets:											
Currency and deposits	12	6	23	—	9	−10	7	−10	3	7	23
Short-term notes and bills[1]	18	22	10	19	5	− 6	4	16	− 9	31	−28
Government of Canada bonds	1	7	− 3	−16	18	4	1	−12	3	− 1	7
Provincial bonds	5	5	− 2	11	− 3	− 2	− 1	8	− 3	− 6	− 1
Municipal bonds	—	1	− 3	—	—	1	—	− 1	− 1	—	− 1
Corporate bonds	− 7	4	3	3	3	− 1	− 1	4	− 2	1	—
Mortgages	109	127	160	12	24	51	40	11	34	65	50
Canadian preferred and common shares	3	10	3	3	6	1	—	− 1	3	2	− 1
Other assets[2]	25	23	11	1	4	− 2	20	−20	31	−10	10
Total	132	205	202	33	66	36	70	15	39	89	59
Liabilities:											
Demand and savings deposits	19	11	48	3	14	1	− 7	3	15	13	17
Certificates, debentures and term deposits	114	167	127	32	59	38	38	50	− 8	43	42
Other liabilities[3]	− 1	27	27	− 2	− 7	− 3	39	−38	32	33	—

[1]Government of Canada treasury bills, short-term notes of sales finance companies, commercial paper, deposit receipts, certificates and term deposits in chartered banks, trust and mortgage loan companies and collateral loans.

[2]Investments in foreign securities, subsidiaries and affiliated companies, interest, dividends and rents receivable, real estate and equipment and other assets.

[3]Bank loans, short-term loans and notes payable, amount owing parent and affiliated companies, interest and dividends and other liabilities and shareholder's equity.

SOURCE: DBS *Business Financial Statistics*.

REFERENCE TABLE 75

ESTIMATES OF NET CHANGES IN ASSETS AND LIABILITIES OF MUTUAL FUNDS

1966 to 1968

—	1966	1967	1968	1967				1968			
				I	II	III	IV	I	II	III	IV
	(Millions of dollars)										
Assets:											
Cash	15	5	80	8	− 5	12	−10	39	− 1	15	27
Short-term notes and bills[1]	7	33	12	− 8	16	11	14	−11	12	27	−12
Government of Canada	3	−37	3	− 9	−15	−12	− 1	6	− 1	− 2	—
Provincial and Municipal bonds	− 9	−10	−14	− 2	2	− 9	− 1	− 4	− 1	− 8	− 1
Corporate bonds	2	—	− 7	8	− 6	− 1	− 1	− 2	− 1	− 4	—
Mortgages	− 1	− 2	− 3	—	—	− 1	− 1	− 2	2	− 2	− 1
Canadian common and preferred shares	91	−12	2	11	1	−20	− 4	−23	10	−26	41
Foreign common and preferred shares	237	262	452	54	73	86	49	45	159	81	167
Other assets[2]	5	39	26	17	2	2	18	21	1	1	3
Total	340	278	551	79	68	68	63	69	180	82	220
Liabilities:											
Paid-in capital	301	134	316	35	18	47	34	66	95	51	104
Retained earnings	32	125	169	29	40	28	28	19	48	22	80
Other liabilities[3]	7	19	66	15	10	− 7	1	−16	37	9	36

(1) Short-term notes of sales finance and other companies and Government of Canada treasury bills.

(2) Current assets, investments in foreign bonds and debentures and other assets.

(3) Short-term loans, accounts payable, long-term debt and other liabilities.

SOURCE: DBS *Business Financial Statistics*.

REFERENCE TABLE 76

ESTIMATES OF NET CHANGES IN ASSETS AND LIABILITIES OF CLOSED-END FUNDS

1966 to 1968

—	1966	1967	1968	1967				1968			
				I	II	III	IV	I	II	III	IV
	(Millions of dollars)										
Assets:											
Cash	1	− 2	30	− 2	—	− 3	3	− 2	—	25	7
Short-term notes and bills[1]	2	− 6	1	2	− 8	− 2	2	9	—	−11	3
Government of Canada bonds	3	− 2	− 2	− 1	− 1	—	—	− 1	—	− 1	—
Provincial and Municipal bonds	—	—	—	—	—	—	—	—	—	—	—
Corporate bonds	4	− 6	1	− 5	—	− 1	—	− 1	—	1	1
Canadian common and preferred shares	30	28	34	6	16	5	1	− 1	28	− 9	16
Foreign common and preferred shares	—	7	10	3	2	1	1	—	4	3	3
Other assets[2]	7	− 4	11	− 3	1	1	− 3	2	4	2	3
Total	47	15	85	—	10	1	4	6	36	10	33
Liabilities:											
Short-term loans	13	4	−26	− 3	4	2	1	−14	—	−12	—
Long-term debt	− 2	− 4	− 4	1	—	− 5	—	—	—	− 3	− 1
Other liabilities[3]	—	2	9	2	− 2	1	1	—	− 1	—	10
Paid-in capital	16	− 3	62	—	—	− 3	—	1	42	1	18
Retained earnings	20	16	44	—	8	6	2	19	− 5	24	6

[1]Short-term notes of sales finance and other companies and Government of Canada treasury bills.

[2]Current assets, investments in foreign bonds and debentures and other assets.

[3]Accounts payable and other liabilities.

SOURCE: DBS *Business Financial Statistics.*

REFERENCE TABLE 77

ESTIMATES OF NET CHANGES IN ASSETS AND LIABILITIES OF LIFE INSURANCE COMPANIES[1]

1966 to 1968

—	1966	1967	1968	1967				1968			
				I	II	III	IV	I	II	III	IV
	(Millions of dollars)										
Assets:											
Cash	—	7	1	−12	−22	4	36	−18	−21	18	20
Short-term notes and bills[2]	10	−26	−9	−1	−15	−7	−3	67	−26	−4	−47
Government of Canada bonds	−57	−17	4	−15	−8	−7	12	19	−1	−16	4
Provincial bonds	−10	35	26	25	7	2	2	19	4	21	−17
Municipal bonds	−6	−3	−19	4	−5	—	−3	−3	—	−1	−14
Corporate and other bonds[3]	136	170	98	71	39	30	30	17	43	24	14
Preferred and common shares	34	68	101	11	18	14	26	18	18	19	46
Mortgages	457	284	332	59	97	84	44	36	107	86	104
Real estate	44	32	33	10	9	8	5	10	7	6	11
Policy loans	30	29	56	6	9	8	7	14	21	13	10
Collateral loans	3	—	2	—	—	—	—	—	—	—	2
Total[4]	640	580	623	159	129	136	156	177	152	163	131

(1) Data based on Canadian dollar transactions of sixteen life insurance companies having in 1967, 81% of net premium income of all federal companies.

(2) Federal, provincial and municipal treasury bills, short-term paper of sales financial companies, corporate and bank paper and trust company certificates.

(3) Other bonds consist of issue of Canadian religious and other institutions and issue of foreign debtors in Canadian dollars.

(4) Total net change in assets is equal to total net change in life insurance and pension liabilities.

SOURCE: The Canadian Life Insurance Association.

REFERENCE TABLE 78

ESTIMATES OF NET CHANGES IN ASSETS AND LIABILITIES OF SALES FINANCE AND CONSUMER LOAN COMPANIES

1966 to 1968

—	1966	1967	1968	1967				1968			
				I	II	III	IV	I	II	III	IV
	(Millions of dollars)										
Assets:											
Cash and deposits	53	−2	−13	3	−32	− 6	33	−11	− 8	21	−15
Short term notes and bills[1]	6	20	−17	23	−17	− 2	16	−17	21	19	−40
Government of Canada bonds	10	− 5	7	− 6	2	− 5	4	− 2	5	− 6	10
Other Canadian bonds	−8	42	− 3	27	7	− 8	6	− 8	− 2	− 2	9
Consumer credit	173	61	229	−19	94	3	−17	− 4	128	55	50
Commercial and wholesale credit	−25	−14	95	13	− 3	−133	109	46	75	−177	151
Claims on associated enterprises	112	−115	−26	− 2	−28	−65	−20	−13	—	− 2	−11
Other assets[2]	−175	139	155	24	6	76	33	15	30	57	53
Total	146	126	427	63	39	−140	164	6	249	−35	207
Liabilities:											
Short-term bank loans	−132	−43	−47	−111	14	−20	74	−31	−47	−74	105
Demand and short-term notes (Canadian)	164	−33	344	108	−41	−63	−37	177	179	−17	5
Demand and short-term notes (Foreign)	−71	24	−15	2	−13	10	25	−25	− 4	−16	30
Long-term bonds (Canadian)	21	111	60	25	38	7	41	−58	15	28	75
Long-term bonds (Foreign)	73	5	−26	5	−9	1	8	− 5	12	10	−43
Unearned income	21	66	67	13	23	17	13	4	32	12	19
Owing parent and affiliates	113	−37	16	10	9	−72	16	− 7	3	− 8	28
Other liabilities[3]	−43	33	28	11	18	−20	24	−49	59	30	−12

[1]Short-term notes of finance and other companies and Government of Canada treasury bills.

[2]Includes investments in preferred and common shares, foreign securities, fixed assets and other investments.

[3]Accounts payable and other current liabilities and shareholders' equity.

SOURCE: DBS *Business Financial Statistics.*

PART II
REVIEW OF GOVERNMENT ACCOUNTS 1968-69

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PART II

REVIEW OF GOVERNMENT ACCOUNTS

1968-69

INTRODUCTION

This Part of the Budget Papers presents in summary form a review of the accounts of the Government of Canada for the fiscal year 1968-69. Although the fiscal year of the government ended on March 31, the books must remain open for some time after that date to record various adjusting entries and to take into account section 35 of the Financial Administration Act which provides that for thirty days after the end of each fiscal year payments for the discharge of debts properly applicable to the old year may be made and charged to that year. Consequently the figures used in this report are preliminary and subject to revision and the final figures when they become available next July or August will vary to some extent from those given in the following pages.

In 1968-69, in order to improve the functioning of the government service, major changes were made in the control and supervision of the duties and functions of a number of departments and several new departments were established.

The newly formed departments are: *Communications*, which is responsible for the operations of the Post Office, matters relating to telecommunications, and the development and utilization generally of communication undertakings, facilities, systems and services; *Fisheries and Forestry*, which is responsible for matters relating to the sea coast and inland fisheries and the forest resources of Canada; *Industry and Trade and Commerce*, which is responsible for matters relating to the manufacturing and processing industries in Canada, tourism, and trade and commerce generally; *Regional Economic Expansion*, which is responsible for matters relating to economic expansion and social adjustment in areas requiring special measures; and *Supply and Services*, which is responsible for matters relating to the acquisition and provision of materiel and services for departments.

The presentation of expenditures in this report follows the 1968-69 Revised Estimates which were established to conform to the reorganization of government departments. For purposes of comparison the 1967-68 figures have been adjusted accordingly.

More detailed information in respect of the realignment of duties and responsibilities are given in the departmental references to expenditures in subsequent pages of this report.

HIGHLIGHTS OF THE GOVERNMENT'S FINANCIAL OPERATIONS DURING 1968-69

This section outlines the financial operations of the government in 1968-69 giving a brief summary of the budgetary and non-budgetary transactions, the unmatured debt transactions and the changes in the cash position and the debt

position during the fiscal year. More detailed explanations are given in subsequent sections of this review.

The following table summarizes the budgetary and non-budgetary transactions for 1968-69 with comparative figures for 1967-68 and indicates how these transactions affected the government's cash balances.

TABLE 1

(in millions of dollars)

Summary of Budgetary and Non-Budgetary Transactions and Changes in Cash Position	Fiscal year ended March 31			
	1969 (preliminary)		1968	
Budgetary transactions—				
Revenue—				
Tax	8,988		8,016	
Non-tax	1,181		1,013	
	10,169		*9,029*	
Expenditure	10,735		9,824	
Deficit (−)		**−566**		**−795**
Non-budgetary transactions (excluding unmatured debt transactions)				
Receipts and credits—				
Net annuity, insurance and pension accounts receipts	709		465	
Repayment of advances to exchange fund account			322	
Canada pension plan account	755		672	
Investments in United States dollar securities issued by other than the Government of Canada	32		57	
Increase in non-interest-bearing notes payable on demand			450	
Repayment of loans, investments and advances	98			
Other	411		445	
	2,005		*2,411*	
Disbursements and charges—				
Advances to exchange fund account	834			
Loans, investments and advances	1,153		1,471	
Canada pension plan investment fund	742		665	
Decrease in non-interest-bearing notes payable on demand	216			
Other	433		69	
	3,378		*2,205*	
Net amount available from, or required for (−), non-budgetary transactions		**−1,373**		**206**
Overall cash requirement to be financed by increase in unmatured debt or decrease in cash balances		**−1,939**		**−589**
Net increase in unmatured debt outstanding in hands of the public		**1,523**		**790**
Net increase or decrease (−) in Receiver General bank balances		**−416**		**201**

Note: In 1968-69 revenues arising from Department of Transport air services and marine services expenditures were credited thereto. For purposes of comparison the 1967-68 figures have been adjusted.

Budgetary transactions

The budgetary revenue, expenditure and deficit as forecast in the budget speech of October 22, 1968 and the actual figures as now estimated are shown in the following table:

TABLE 2

(in millions of dollars)

Budgetary Transactions for Fiscal Year 1968-69	Budget forecast October 22, 1968	Actual (preliminary)	Increase or decrease (−) compared with October 22, 1968 forecast	
			Amount	Per cent
Revenue	10,105	10,169	64	0.63
Expenditure	10,780	10,735	−45	−0.42
Deficit	675	566	−109	

Revenue

Budgetary revenue of the government amounted to $10,169 million for 1968-69. This was $64 million or about one half of one per cent more than the figure of $10,105 million forecast on October 22, 1968 and $1,140 million or 13 per cent more than the total collected in 1967-68.

Tax revenue accounted for $972 million of the increase and non-tax revenue accounted for $168 million of the increase over 1967-68 receipts.

The yield from income taxes was $917 million higher and from return on investments $81 million higher than in 1967-68.

Expenditure

Budgetary expenditure amounted to $10,735 million, $45 million or approximately one half of one per cent less than the figure of $10,780 million forecast on October 22, 1968 and $911 million or 9 per cent higher than expenditure in 1967-68.

The main changes over 1967-68 were increases of $178 million in public debt charges, $130 million in fiscal, subsidy and other payments to provinces, $169 million in post-secondary education payments, $23 million in amortization of actuarial deficiencies in the public service superannuation account, $85 million in the adult occupational training program, $91 million in the government's contribution under the Hospital Insurance and Diagnostic Services Act and a decrease of $81 million in the technical and vocational training program.

Deficit

On the basis of these preliminary figures, expenditures of $10,735 million exceeded revenues of $10,169 million resulting in a deficit of $566 million compared with a deficit of $675 million as forecast on October 22, 1968 and a deficit of $795 million in 1967-68.

Non-budgetary transactions (excluding unmatured debt transactions)

Non-budgetary transactions are those which increase or decrease the government's asset and liability accounts and do not enter into the calculation of the annual budgetary surplus or deficit.

In 1968-69 net disbursements and charges of $3,378 million exceeded net receipts and credits of $2,005 million, resulting in a net requirement of $1,373

million. In 1967-68 net receipts and credits were $2,411 million and net disbursements and charges were $2,205 million, resulting in a net receipt of $206 million.

Old age security fund

Receipts by the fund during 1968-69 of $1,620 million exceeded payments of $1,544 million by $76 million. In 1967-68 receipts of $1,495 million exceeded payments of $1,388 million by $107 million.

The transactions in the fund during 1968-69 compared with those for 1967-68 were as follows:

	Fiscal year ended March 31 1969 (preliminary)	1968
	(in millions of dollars)	
Balance in fund at beginning of fiscal year	536	429
Receipts—		
Sales tax	522	545
Personal income tax	915	800
Corporation income tax	183	150
	2,156	1,924
Disbursements—		
Pension payments	−1,544	−1,388
Balance in fund at end of fiscal year	612	536

Canada pension plan account

Receipts during 1968-69 were $786 million and disbursements were $31 million. In 1967-68 receipts were $685 million and disbursements were $13 million.

The transactions in the account during 1968-69 compared with those in 1967-68 were as follows:

	Fiscal year ended March 31 1969 (preliminary)	1968
	(in millions of dollars)	
Balance at beginning of fiscal year	1,353	681
Receipts	786	685
Disbursements	−31	−13
Balance at end of fiscal year	2,108	1,353

At March 31, 1969 the balance in the account consisted of an operating balance of $85 million on deposit with the government and provincial securities n the amount of $2,012 million and Government of Canada securities in the amount of $11 million recorded in the Canada pension plan investment fund.

Unmatured debt transactions

Unmatured debt transactions in 1968-69 reflected an increase of $1,523 million in unmatured debt outstanding in the hands of the public compared with an increase of $790 million in 1967-68.

Change in cash position

Receiver General bank balances in current deposits were $416 million less at March 31, 1969 than at the previous fiscal year-end. The budgetary deficit

of $566 million plus non-budgetary requirements of $1,373 million was financed by an increase of $1,523 million in outstanding unmatured debt and a draw-down of $416 million in Receiver General bank balances.

Change in debt position

As a result of budgetary and non-budgetary transactions the gross liabilities increased by $2,928 million to $35,852 million at March 31, 1969, net recorded assets increased by $2,362 million to $18,526 million and net debt increased by $566 million to $17,326 million.

	Fiscal year ended March 31		
	1969 (preliminary)	1968	Increase or decrease (−)
	(in millions of dollars)		
Gross liabilities	35,852	32,924	2,928
Less net recorded assets	18,526	16,164	2,362
Net debt	17,326	16,760	566

THE BUDGETARY ACCOUNTS

Total budgetary revenue is estimated at $10,169 million in 1968-69, budgetary expenditure at $10,735 million and the budgetary deficit at $566 million.

In 1968-69 the practice whereby revenue arising from a particular vote is credited thereto was extended to include Department of Transport vote 5, marine services and vote 30, air services.

The figures in the following table for prior years have not been changed but subsequent tables show 1967-68 figures as amended for comparative purposes.

TABLE 3

BUDGETARY REVENUE, EXPENDITURE AND DEFICIT

(in millions of dollars)

FISCAL YEAR ENDED MARCH 31	Budgetary revenue	Budgetary expenditure	Surplus or deficit (−)
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	5,878.7	6,570.3	−691.6
1964	6,253.2	6,872.4	−619.2
1965	7,180.3	7,218.3	−38.0
1966	7,695.8	7,734.8	−39.0
1967	8,376.2	8,797.7	−421.5
1968	9,076.6	9,871.4	−794.8
1969 (preliminary)	10,169.0	10,735.0	−566.0

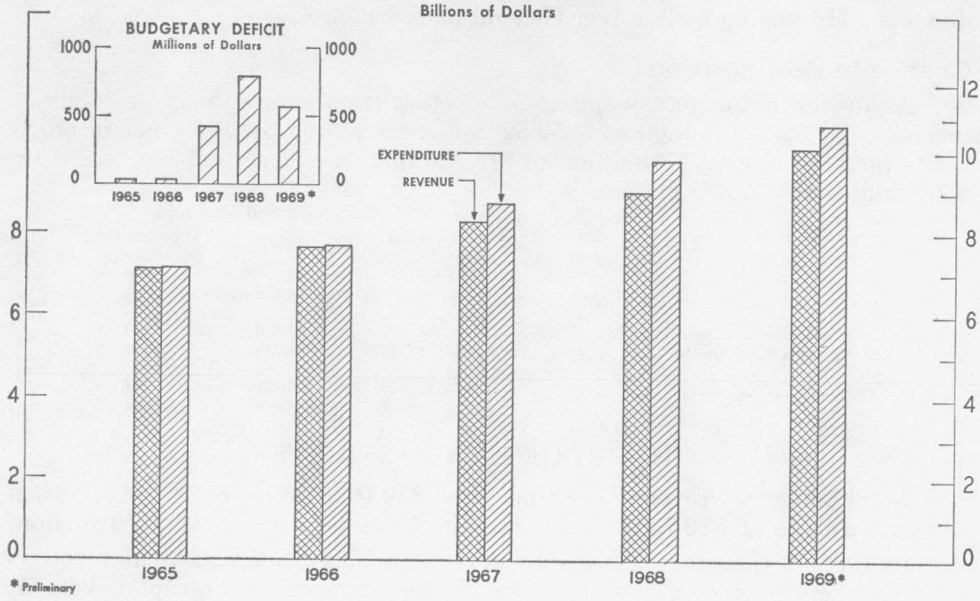
REVENUE

Budgetary revenue in 1968-69 is estimated at $10,169 million, $1,140 million or 13 per cent over the total of $9,029 million received in 1967-68. Tax revenue at $8,988 million accounted for 88 per cent of the total revenue for the fiscal year and non-tax revenue at $1,181 million accounted for 12 per cent.

The more important items are increases of $572 million in personal income tax collections, $359 million in corporation income taxes, $81 million in return on investments and $23 million in postal revenue.

BUDGETARY REVENUE AND EXPENDITURE

Fiscal Years Ended March 31
Billions of Dollars

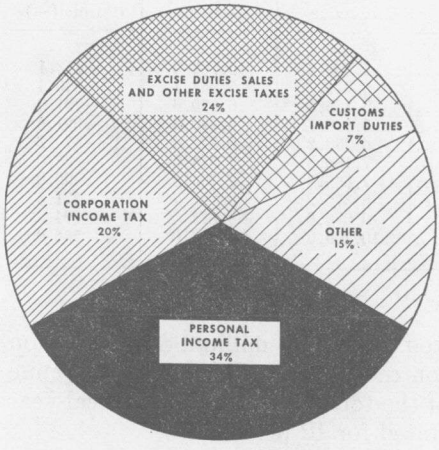


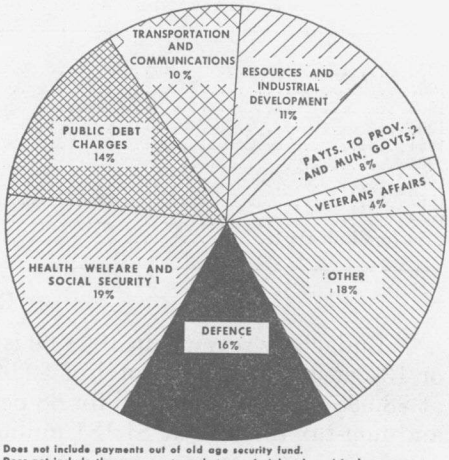
* Preliminary

BUDGETARY REVENUE BY MAJOR SOURCE

BUDGETARY EXPENDITURE BY MAJOR FUNCTION

For Fiscal Year Ended March 31, 1969
Preliminary





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.

TABLE 4

BUDGETARY REVENUE BY MAJOR SOURCES

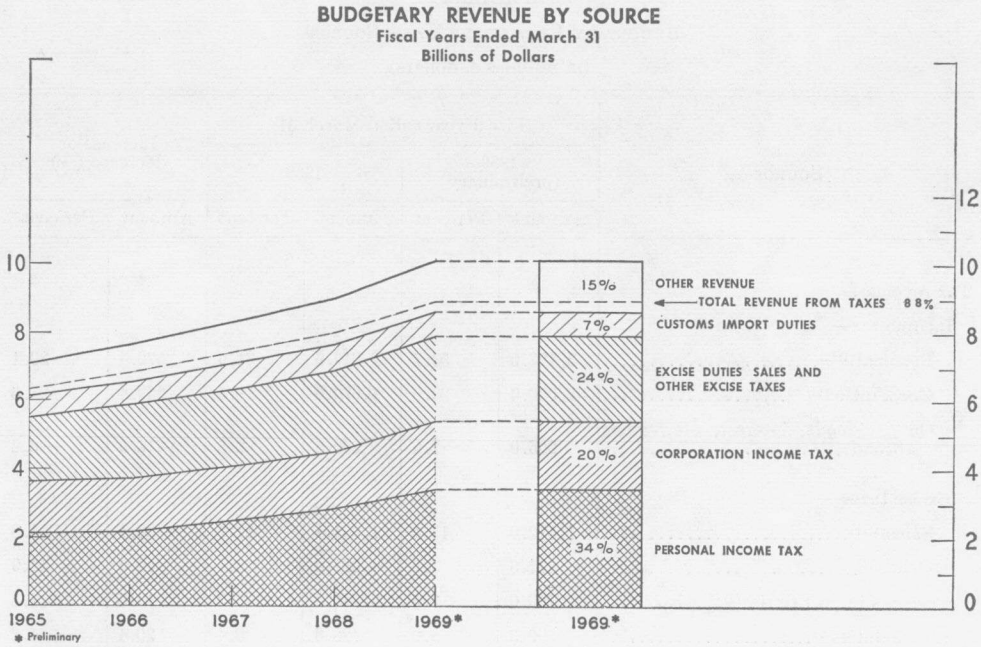
(in millions of dollars)

SOURCE	Fiscal year ended March 31				Increase or decrease (—)	
	1969 (preliminary)		1968			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Tax revenue—						
Income tax—						
Personal[1][2]	3,422.0	33.7	2,849.6	31.6	572.4	20.1
Corporation[1][2]	2,030.0	20.0	1,670.6	18.5	359.4	21.5
On dividends, interest, etc., going abroad	206.0	2.0	220.5	2.5	—14.5	—6.6
Excise taxes—						
Sales[1][2]	1,572.0	15.4	1,601.1	17.7	—29.1	—1.8
Other[2]	377.0	3.7	337.0	3.7	40.0	11.9
Customs import duties[2]	760.0	7.5	746.4	8.3	13.6	1.8
Excise duties[2]	509.0	5.0	488.6	5.4	20.4	4.2
Estate tax	111.7	1.1	102.2	1.1	9.5	9.3
Other taxes	0.3		0.3			
	8,988.0	*88.4*	*8,016.3*	*88.8*	*971.7*	*12.1*
Non-tax revenue—						
Return on investments	693.0	6.8	612.3	6.8	80.7	13.2
Post office—net postal revenue	305.0	3.0	281.6	3.1	23.4	8.3
Other non-tax revenue	183.0	1.8	119.0	1.3	64.0	53.8
	1,181.0	*11.6*	*1,012.9*	*11.2*	*168.1*	*16.6*
Total budgetary revenue[3]	10,169.0	100.0	9,029.2	100.0	1,139.8	12.6

	1968–69	1967–68
[1] Excluding credits to:		
The old age security fund—		
Personal income tax	915.0	800.1
Corporation income tax	183.0	150.0
Sales tax	522.0	544.5
	1,620.0	1,494.6

[2] Net after deduction of refunds and drawbacks.

[3] Department of Transport votes 5 and 30, Appropriation Act No. 4, 1968 gave authority to credit thereto revenue arising from services provided thereunder. For purposes of comparison the 1967–68 total has been adjusted.



TAX REVENUE

Federal-provincial fiscal arrangements

Under fiscal arrangements, that became operative in 1962, the federal government withdrew in part from the field of direct taxation and left the vacated area to the provinces. The federal government offered to collect the provincial income taxes without charge provided that provincial personal income tax was expressed as a percentage of federal personal income tax otherwise payable and provincial corporation income tax applied to taxable income calculated in the same way as for federal income tax purposes. To allow for the imposition of the provincial income taxes, the Income Tax Act was amended to abate the federal income tax otherwise payable by individuals in all provinces except Quebec by 24 per cent in 1966 and 28 per cent in 1967, 1968 and 1969. For 1966 the abatement of federal income tax otherwise payable in the Province of Quebec was 47 per cent; for 1967, 1968 and 1969, the abatement was 50 per cent. These higher abatements for Quebec are in compensation of the fact that the payment of youth allowances and the full cost of certain programs which are supported jointly by federal and provincial governments in the other provinces have been assumed by Quebec. For the year 1966 the federal corporation income tax rates were abated by 9 percentage points for taxable income earned in a province other than Quebec and by 10 percentage points for taxable income earned in Quebec. For 1967, 1968 and 1969 the abatement was 10 percentage points for all provinces. The federal government has entered into tax-collection agreements under which it collects the provincial personal income taxes of all provinces except Quebec and the provincial corporation income taxes of all provinces except Ontario and Quebec.

Under these collection agreements, payments are made monthly to each province based on an estimate of that province's tax revenue. The actual amounts due based on assessed returns are established as at December 31 following the end of the fiscal year and adjustments are made with the provinces.

Under the present fiscal arrangements, the federal government agreed to abate its estate tax by 50 per cent in the fiscal years 1962-63 and 1963-64, and by 75 per cent thereafter, in any province that imposed its own succession duties. To a province that did not wish to re-enter the succession duty field the federal government agreed to pay 50 per cent of the federal estate tax revenue from within the province in 1962-63 and 1963-64 and 75 per cent thereafter. During 1962-63, Quebec and Ontario collected their own succession duties while the other provinces received a payment in lieu of imposing duties. Starting in 1963-64 British Columbia joined Ontario and Quebec in imposing its own succession duties. When the estate tax abatement was raised to 75 per cent in 1964-65, British Columbia increased its succession duty rates accordingly but Quebec and Ontario preferred to take in lieu of the extra abatement a payment equivalent to 25 per cent of the federal estate tax in those provinces. This arrangement also carried into 1965-66, 1966-67, 1967-68 and 1968-69.

Tax on personal income

In 1968-69 personal income tax was again the largest source of government revenue. Its yield (excluding the old age security tax) was $3,422 million or 34 per cent of all budgetary revenue compared with $2,850 million or 32 per cent in 1967-68. The increase of $572 million was due mainly to a higher level of personal incomes in 1968-69, partly due to a temporary surtax of 3 per cent on the basic tax in excess of $200 applied in respect of tax imposed on 1968 and 1969 income and partly to a social development tax of 2 per cent on taxable income up to a maximum tax of $120 per annum applied in respect of 1969 income.

In addition to the federal revenue, $1,090 million was allocated to the provincial tax collection agreements account under the terms of federal-provincial fiscal arrangements compared with $961 million in 1967-68.

The tax on personal incomes levied under the Old Age Security Act and credited to the old age security fund was $915 million compared with $800 million in 1967-68. This increase of $115 million was due mainly to higher levels of personal income in 1968-69.

Corporation income tax

Corporation income tax was the second largest source of government revenue. The yield (excluding the old age security tax) was $2,030 million or 20 per cent of total budgetary revenue compared with $1,671 million or 19 per cent in 1967-68. The increase of $359 million was due to the shift forward of the payment period for corporations announced in November 1967 and to the termination of the accelerated depreciation programs at the end of 1966 and early in 1967 and to the three year curtailment of capital cost allowances for certain classes of assets purchased between March 30, 1966 and April 1, 1967.

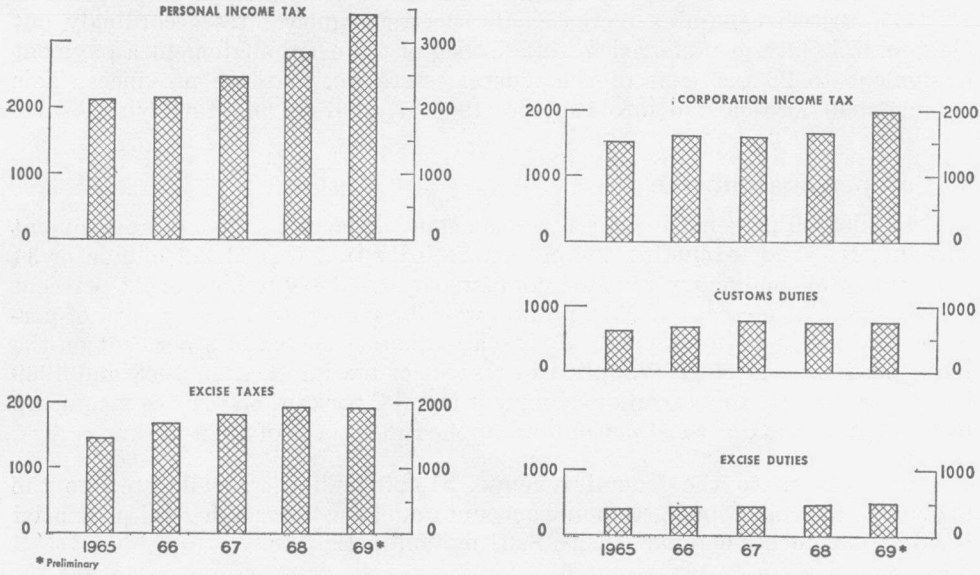
In addition to the federal revenue, $196 million was allocated to the provincial tax collection agreements account under terms of federal-provincial fiscal arrangements compared with $167 million in 1967-68.

The tax on incomes of corporations levied under the Old Age Security Act and credited to the old age security fund was $183 million, compared with $150 million in 1967-68.

Taxes on dividends, interest, etc., going abroad

Revenue in this category is derived from taxes withheld from payments of dividends, interest, rents, royalties, alimony and income from estates and trusts paid to non-residents. Collections for 1968-69 were $206 million, a decrease of $15 million or 7 per cent from the 1967-68 total.

PRINCIPAL SOURCES OF TAX REVENUE
Fiscal Years Ended March 31
Millions of Dollars



Excise taxes

From a revenue standpoint the general sales tax is the most important tax levied under the Excise Tax Act. Receipts (excluding the old age security tax) were $1,572 million, $29 million less than 1967-68 receipts. The decline in receipts reflects the cancellation of the sales tax on production machinery and on drugs enacted during 1967-68.

The sales tax levied under the Old Age Security Act and credited to the old age security fund was $522 million compared with $545 million in 1967-68.

The yield from other excise taxes levied under the Excise Tax Act was $377 million, $40 million more than in 1967-68. The increase was due to increases in the excise taxes on tobacco products and on wines applied from December 1, 1967.

Customs import duties

Receipts from this source totalled $760 million compared with $746 million in 1967-68.

Excise duties

Excise duties are levied on alcoholic beverages (other than wines) and tobacco products. (Additional taxes on tobacco products are levied under the Excise Tax Act.) Net receipts in 1968-69 were $509 million compared with $489 million in 1967-68.

Gross receipts of $321 million from duties on alcoholic beverages consisted of $187 million in respect of spirits and $134 million in respect of beer and were $20 million higher than collections of $301 million in 1967-68 of which $181 million was in respect of spirits and $120 million in respect of beer. This was due mainly to increases in the duties on spirits and beer applied from December 1, 1967.

Gross receipts of $196 million from duties on tobacco products were $1 million more than in 1967-68.

Refunds and drawbacks of $8 million resulted in net excise duty collections of $509 million in 1968-69. In 1967-68 refunds and drawbacks were $7 million and net receipts were $489 million.

Estate tax

Revenue in this category is derived under the Estate Tax Act. Net receipts of $112 million were $10 million more than in 1967-68.

Other taxes

Revenue under this heading during the fiscal year was $300 thousand the same as in the previous fiscal year.

NON-TAX REVENUE

Non-tax revenue totalled $1,181 million compared with $1,013 million in 1967-68. The increase of $168 million was due mainly to increases of $81 million in return on investments, $23 million in post office revenue and $61 million in bullion and coinage.

It is noted that Department of Transport vote 5 and vote 30, Appropriation Act No. 4, 1968, which covered administration, operation and maintenance costs of marine services and air services respectively, gave authority to credit thereto revenue arising from services provided thereunder. Consequently such revenue is not reflected in the accounts as revenue. For purposes of comparison the 1967-68 figures have been amended accordingly.

TABLE 5
(in millions of dollars)

Non-Tax Revenue	Fiscal year ended March 31		Increase or decrease (−)	
	1969 (preliminary)	1968	Amount	Per cent
Return on investments	693.0	612.3	80.7	13.2
Post Office—net postal revenue	305.0	281.6	23.4	8.3
Refunds of previous years' expenditure	21.0	21.1	−0.1	−0.5
Services and service fees	29.0	31.7	−2.7	−8.5
Proceeds from sales	16.0	17.3	−1.3	−7.5
Privileges, licences and permits	31.0	23.5	7.5	31.9
Bullion and coinage	72.0	10.7	61.3	572.9
Other	14.0	14.7	−0.7	−4.8
	1,181.0	1,012.9	168.1	16.6

Return on investments

These receipts, in an amount of $693 million, consisted of income derived from loans and advances made by the government and from investments by the government in productive or earning assets. In 1967-68 receipts were $612 million.

TABLE 6

(in millions of dollars)

Return on Investments	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Loans to, and investments in, Crown corporations—			
Atomic Energy of Canada Limited	0.7	0.8	−0.1
Bank of Canada—profits	186.2	177.0	9.2
Canada Deposit Insurance Corporation	0.8	0.2	0.6
Canadian Broadcasting Corporation	5.0	3.8	1.2
Canadian Commercial Corporation—net profit	0.1	0.1	
Canadian Corporation for the 1967 World Exhibition	7.1	9.9	−2.8
Canadian Dairy Commission	1.5	0.9	0.6
Canadian National Railways	35.8	22.5	13.3
Canadian Overseas Telecommunication Corporation	2.6	2.5	0.1
Central Mortgage and Housing Corporation—			
Interest on debentures	194.7	156.7	38.0
Net profit	10.0	6.6	3.4
	204.7	*163.3*	*41.4*
Crown Assets Disposal Corporation	1.0	0.2	0.8
Exports Credits Insurance Corporation	10.3	9.5	0.8
Farm Credit Corporation	50.5	34.6	15.9
National Capital Commission	4.2	3.8	0.4
National Harbours Board	2.1	1.4	0.7
Northern Canada Power Commission	4.0	3.8	0.2
Northern Ontario Pipe Line Crown Corporation		0.7	−0.7
Polymer Corporation Limited		2.6	−2.6
The St. Lawrence Seaway Authority	11.2	10.8	0.4
	527.8	*448.4*	*79.4*
Other loans and investments—			
United Kingdom	2.7	21.2	−18.5
Other national governments	3.6	3.9	−0.3
Provincial governments	0.5	0.6	−0.1
Exchange fund account	84.5	55.2	29.3
Interest-bearing deposits with chartered banks	23.6	23.4	0.2
Municipal Development and Loan Board	14.2	12.7	1.5
Securities investment account	1.1	17.0	−15.9
Soldier and general land settlement loans and veterans land act advances	14.5	13.0	1.5
Investments in United States dollar securities issued by other than the government of Canada	5.2	6.6	−1.4
International bank for reconstruction and development		2.0	−2.0
Investments held for retirement of debt	0.6	0.3	0.3
International monetary fund	3.0		3.0
National Defence—housing loans	1.2		1.2
Quebec—re Expo 1967	1.9		1.9
Miscellaneous	8.6	8.0	0.6
	165.2	*163.9*	*1.3*
	693.0	612.3	80.7

Receipts from Crown corporations at $528 million were $79 million more than in the previous year. The main changes were increases of $41 million in payments by the Central Mortgage and Housing Corporation, $16 million by the Farm Credit Corporation, $13 million by the Canadian National Railways and $9 million in the Bank of Canada profits paid to the government.

The yield from other loans and investments was $165 million compared with $164 million in 1967-68. The main items resulting in the increase of $1 million were the deferment of the interest payment in the amount of $19 million which was due on December 31, 1968 on the loan to the United Kingdom, a decrease of $16 million in earnings of the securities investment account and an increase of $29 million in interest in respect of the exchange fund account.

Post office revenue

Gross receipts from post office operations were $360 million but authorized disbursements from revenue for salaries and rent allowances, other allowances and commissions 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 $55 million brought net revenue to $305 million. In 1967–68 gross revenue was $327 million, authorized disbursements were $45 million and net revenue was $282 million.

Net costs of operating the Post Office Department during 1968–69 (excluding the $55 million charged to revenue) were $347 million. As net revenue was $305 million there was a net operating deficit of $42 million. In 1967-68 net revenue was $282 million, net operating costs were $302 million and the net

TABLE 7

(in millions of dollars)

Post Office Revenue	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Postage—			
In Canada	339.4	307.1	32.3
From foreign countries	6.0	6.4	−0.4
Commission on money orders	10.0	9.4	0.6
Rental of post office boxes	2.6	2.5	0.1
Other	1.5	1.7	−0.2
	359.5	*327.1*	*32.4*
Less—			
Salaries and allowances—			
Revenue post offices	−14.4	−11.9	−2.5
Semi-staff post offices	−26.4	−21.7	−4.7
Sub-post offices	−7.1	−5.9	−1.2
Transit charges to or through foreign countries	−4.8	−4.3	−0.5
Other	−1.8	−1.7	−0.1
	−54.5	*−45.5*	*−9.0*
	305.0	281.6	23.4

operating deficit was $20 million. The higher receipts in 1968-69 resulted from increased postal rates and the increase in costs was due mainly to higher salary rates and to normal staff growth.

However, it should 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 accounting and miscellaneous services provided by other departments.

Refunds of previous years' expenditure

Refunds received in 1968-69 of expenditure made in prior years totalled $21 million the same as in 1967-68.

The Department of National Defence received $7 million of which $2 million was due to cost audits and $3 million to adjustments on contracts with the United States government and the Department of Veterans Affairs received $4 million in refunds of veterans pensions, allowances and re-establishment credits.

Services and service fees

Revenue from this source was $29 million compared with $32 million in 1967-68.

The Department of Agriculture received $10 million of which $5 million was for services in connection with the inspection, weighing, storage and elevation of grain and $2 million for race track supervision; the Department of Finance received $3 million mainly numismatic revenue; and the Department of National Health and Welfare received $6 million including a $3 million reimbursement by the provinces for treatment of Indians in federal government hospitals.

Proceeds from sales

Receipts of $16 million were $1 million less than in 1967-68.

The Department of Supply and Services received $4 million from the sale of surplus Crown assets and $2 million from the sale of publications; Central Mortgage and Housing Corporation received $3 million from the sales of properties; and the Department of Agriculture received $2 million from the sale of livestock and produce.

Privileges, licences and permits

Revenue from this category totalled $31 million for 1968-69, $8 million more than in the previous fiscal year.

The Department of Indian Affairs and Northern Development received $15 million of which $9 million was from fees, leases and royalties in respect

of oil, gas and gold and $1 million from transient motor vehicle licences; the Department of Consumer and Corporate Affairs received $6 million from patents, trade marks, charters, etc. and the Department of Public Works received $5 million for rental of public buildings and sites.

Bullion and coinage

Revenue of $72 million derived from the operation of the Royal Canadian Mint consisted mainly of a net gain on coinage resulting from the change in the composition of 10 cent, 25 cent and 50 cent coins. Small amounts were also obtained from gold refining charges, handling charges and gain on gold refining. In 1967-68 revenue from the operation of the Mint totalled $11 million.

Other non-tax revenue

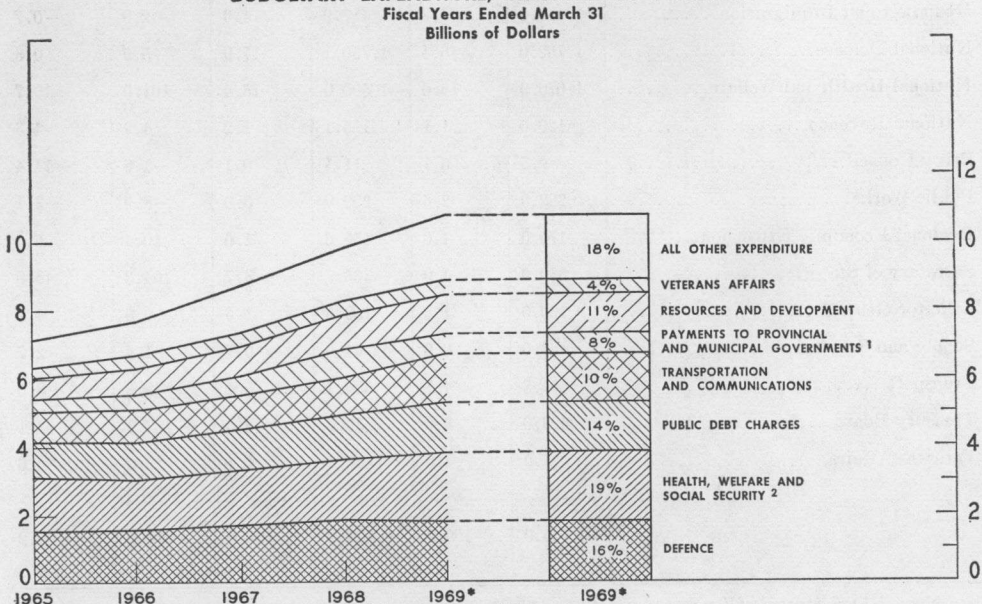
Other non-tax revenue of $14 million was $1 million less than in 1967-68.

Expenditure

Budgetary expenditure is estimated at $10,735 million for 1968-69, $911 million or 9 per cent higher than in 1967-68.

The presentation of expenditures in this report follows the 1968-69 Revised Estimates which were established to conform to the reorganization of government departments. For purposes of comparison the 1967-68 figures have been adjusted accordingly.

BUDGETARY EXPENDITURE, 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 expenditure in the year in which they were paid.
* Preliminary

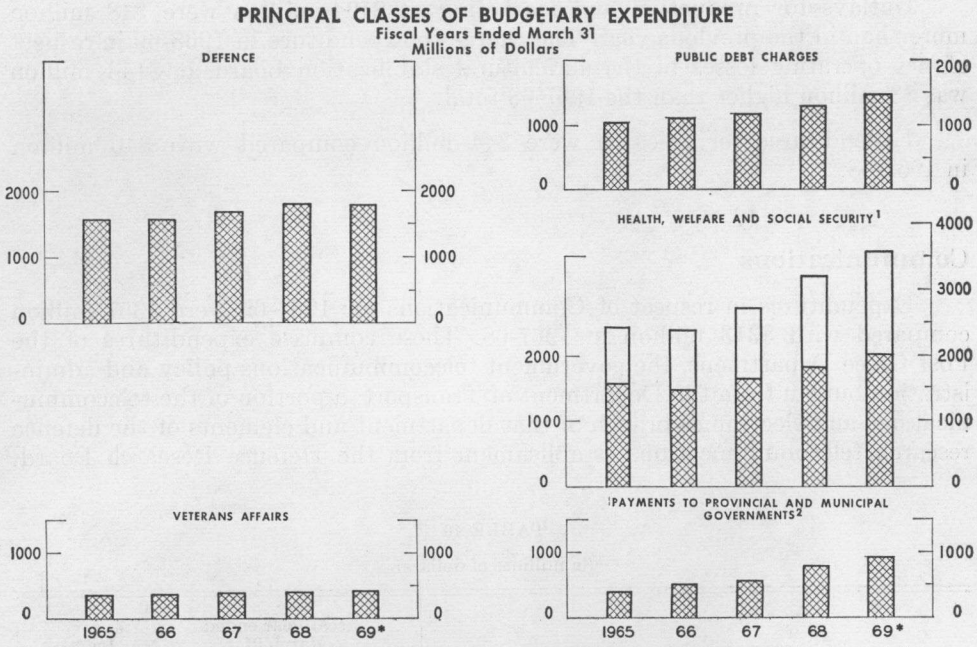
TABLE 8

STATEMENT OF BUDGETARY EXPENDITURE BY DEPARTMENTS

(in millions of dollars)

—	Fiscal year ended March 31				Increase or decrease (−)	
	1969 (preliminary)		1968			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Agriculture	286.0	2.7	276.4	2.8	9.6	3.5
Communications	357.5	3.3	312.8	3.2	44.7	14.3
Consumer and Corporate Affairs	14.0	0.1	12.9	0.1	1.1	8.5
Energy, Mines and Resources	182.0	1.7	203.3	2.1	−21.3	−10.5
External Affairs	225.0	2.1	215.7	2.2	9.3	4.3
Financc	2,419.7	22.5	2,121.0	21.6	298.7	14.1
Fisheries and Forestry	71.0	0.6	73.8	0.7	−2.8	−3.8
Governor General	1.0		1.0			
Indian Affairs and Northern Development	265.0	2.5	231.4	2.3	33.6	14.5
Industry and Trade and Commerce	204.0	1.9	186.3	1.9	17.7	9.5
Justice	17.0	0.2	15.4	0.1	1.6	10.4
Labour	138.0	1.3	118.0	1.2	20.0	16.9
Legislature	18.5	0.2	18.3	0.2	0.2	1.1
Manpower and Immigration	415.0	3.9	417.9	4.3	−2.9	−0.7
National Defence	1,762.0	16.4	1,756.1	17.9	5.9	0.3
National Health and Welfare	1,670.0	15.6	1,509.0	15.4	161.0	10.7
National Revenue	120.0	1.1	115.1	1.2	4.9	4.3
Privy Council	9.5	0.1	11.1	0.1	−1.6	−14.4
Public Works	282.0	2.6	290.9	3.0	−8.9	−3.1
Regional Economic Expansion	170.0	1.6	159.6	1.6	10.4	6.5
Secretary of State	530.0	4.9	365.7	3.7	164.3	45.0
Solicitor General	160.0	1.5	153.5	1.6	6.5	4.2
Supply and Services	66.0	0.6	64.6	0.7	1.4	2.2
Transport	501.8	4.7	534.1	5.4	−32.3	−6.0
Treasury Board	423.0	3.9	259.3	2.6	163.7	63.1
Veterans Affairs	427.0	4.0	400.8	4.1	26.2	6.6
	10,735.0	100.0	9,824.0	100.0	911.0	9.2

NOTE.—Department of Transport votes 5 and 30, Appropriation Act No. 4, 1968 gave authority to credit thereto revenue arising from services provided thereunder. For purposes of comparison the 1967–68 total has been adjusted.



1. The unshaded areas of the columns in the chart for health, welfare and social security represent pension payments out of old age security fund not charged to budgetary expenditure.
2. Does not include those payments made to provincial and municipal governments for specific purposes.
* Preliminary

Agriculture

Expenditures of the Department of Agriculture were $286 million compared with $276 million in 1967-68.

Expenditures in respect of the Canadian Livestock Feed Board, which in 1967-68 were included in expenditures of the Department of Forestry and Rural Development, are now included under the Department of Agriculture and expenditures in respect of land rehabilitation, irrigation and water storage projects, which were included under the Department of Agriculture in 1967-68, are now included under the Department of Regional Economic Expansion.

TABLE 9

(in millions of dollars)

Agriculture	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Production and marketing—			
Agricultural stabilization board—net operating loss	143.0	139.7	3.3
Other	51.0	36.6	14.4
	194.0	*176.3*	*17.7*
Research	44.0	39.7	4.3
Administration and general	48.0	60.4	−12.4
	286.0	276.4	9.6

Outlays for production and marketing at $194 million were $18 million more than in the previous year. The charge to expenditure in 1968-69 in respect of net operating losses of the agricultural stabilization board at $143 million was $3 million higher than the 1967-68 total.

Expenditures for research were $44 million compared with $40 million in 1967-68.

Communications

Expenditures in respect of Communications for 1968-69 were $357 million compared with $313 million in 1967-68. These comprise expenditures of the Post Office Department, the government telecommunications policy and administration bureau from the Department of Transport, a portion of the telecommunications and electronics branch of that department and elements of the defence research telecommunications establishment from the Defence Research Board.

TABLE 10

(in millions of dollars)

Communications	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Post Office—			
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	245.2	205.6	39.6
Salaries of postmasters and staff at revenue and semi-staff offices, commissions paid at sub-offices and other distributions[1]	54.5	45.5	9.0
Transportation—movement of mail by land, air and water	91.1	87.1	4.0
Financial services	4.7	4.6	0.1
Administration and general	6.0	4.5	1.5
Gross post-office expenditure	401.5	347.3	54.2
Less: charged to revenue	−54.5	−45.5	−9.0
	347.0	301.8	45.2
Research satellite program	3.5	3.5	
Administration and general	7.0	7.5	−0.5
	357.5	312.8	44.7

[1] Charged to budgetary revenue.

Costs of the Post Office charged to budgetary expenditure at $347 million were $45 million more than in 1967-68 due mainly to normal staff growth and salary increases.

Costs of operations at $245 million were $40 million more than in 1967-68 and costs of movement of mail were $4 million more.

Remuneration of postmasters and staff at revenue and semi-staff offices and certain other disbursements are paid from revenue. These payments at $55 million ($9 million more than in 1967-68) brought gross post office expenditure to $402 million compared with $347 million in 1967-68.

Other expenditures of $10 million included $3 million for the research satellite program. In 1967-68 other expenditures totalled $11 million of which $3 million was for the research satellite program.

Consumer and Corporate Affairs

Expenditures of the Department of Consumer and Corporate Affairs were $14 million, $1 million higher than comparable figures for 1967-68.

These figures include the expenditures of the standards branch which were formerly included under the Department of Trade and Commerce and some administration expenditures transferred under the government reorganization from the Department of Agriculture and the Department of National Health and Welfare.

TABLE 11

(in millions of dollars)

Consumer and Corporate Affairs	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Patent division, copyright and industrial designs division and trade marks office	3.5	4.2	−0.7
Combines Investigation Act—administration	1.3	1.2	0.1
Bankruptcy Act—administration	0.9	0.8	0.1
Corporations Branch	0.3	0.2	0.1
Standards Branch	3.2	4.2	−1.0
Administration and general	4.8	2.3	2.5
	14.0	12.9	1.1

Energy, Mines and Resources

Expenditures of the Department of Energy, Mines and Resources including Atomic Energy of Canada Limited and Atomic Energy Control Board which in previous years had been shown under a separate heading, the Dominion Coal Board and the National Energy Board amounted to $182 million, a decrease of $21 million from the 1967-68 total.

Expenditures of the Cape Breton Development Corporation and expenditures for subventions in respect of eastern coal which were included in expenditures of this department in 1967-68 are now included in the expenditures of the Department of Regional Economic Expansion. Previous years figures have been adjusted for purposes of comparison.

TABLE 12

(in millions of dollars)

Energy, Mines and Resources	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Mines, minerals, energy and geosciences—			
Emergency gold mining assistance	14.6	15.2	−0.6
Field and air surveys, mapping and aeronautical charting	10.5	10.1	0.4
Geological research	10.0	9.4	0.6
Mining and metallurgical investigations and research	8.5	7.6	0.9
Research in astronomy and geophysics	5.3	5.4	−0.1
Polar continental shelf	2.0	1.6	0.4
Other	2.6	3.8	−1.2
	53.5	*53.1*	*0.4*
Water and co-ordination of renewable resources programs—			
Marine surveys and research	19.0	20.3	−1.3
Research and investigations on water resources	16.4	13.3	3.1
Contributions to provinces towards construction of dams and other works	3.3	6.9	−3.6
Other	2.5		2.5
	41.2	*40.5*	*0.7*
Administration and general	6.1	5.2	0.9
	100.8	98.8	2.0
Atomic Energy of Canada Limited	68.6	66.5	2.1
Atomic Energy Control Board	4.0	2.8	1.2
Dominion Coal Board	7.1	33.6	−26.5
National Energy Board	1.5	1.6	−0.1
	182.0	203.3	−21.3

Expenditures for mines, minerals, energy and geosciences were $53 million compared with $53 million in 1967-68. The larger items in these expenditures were $14 million for emergency gold mining assistance compared with $15 million in 1967-68, $10 million for field and air surveys compared with $10 million, $10 million for geological research compared with $9 million, $9 million for mining and metallurgical investigations and research compared with $8 million and $5 million for research in astronomy and geophysics compared with $5 million in 1967-68.

Expenditures for Atomic Energy of Canada Limited were $69 million, an increase of $2 million, for Atomic Energy Control Board $4 million, an increase of $1 million, for the Dominion Coal Board $7 million, a decrease of $26 million and for the National Energy Board $2 million in each fiscal year.

Expenditures for water and co-ordination of renewable resources programs were $41 million compared with $41 million in 1967-68. Included in these expenditures were $19 million for marine surveys and research compared with $20 million in 1967-68 and $16 million for research and investigations on water resources compared with $13 million in 1967-68.

External Affairs

Expenditures of the Department of External Affairs amounted to $225 million for 1968-69, $9 million more than the total for the previous year.

Expenditures of the Canadian international development agency, formerly the external aid office, were $141 million compared with $135 million in 1967-68. Included in these expenditures were $69 million for the international food aid program ($76 million in 1967-68), $62 million for international development assistance ($50 million in 1967-68) and $5 million for contributions to approved development assistance projects undertaken by Canadian non-governmental organizations, a new program in 1968-69.

TABLE 13

(in millions of dollars)

External Affairs	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Canadian International Development Agency—			
Economic, technical, educational and other assistance—			
International food aid program	68.9	76.3	−7.4
International development assistance	61.9	50.0	11.9
Contributions to approved development assistance projects undertaken by Canadian non-governmental organizations	5.0		5.0
Contribution to the Indus Basin development fund	1.4	5.0	−3.6
Other	0.2	0.7	−0.5
Administration	3.9	2.8	1.1
	141.3	*134.8*	*6.5*
International Joint Commission	0.4	0.4	
Contributions, grants and payments to international commissions and organizations—			
United nations and its agencies	15.3	15.3	
Miscellaneous grants and payments	2.8	3.7	−0.9
Other international commissions and organizations	0.1	0.1	
Commonwealth organizations	(1)	(1)	
	18.2	*19.1*	*−0.9*
Assessments for membership in international commissions and organizations—			
United nations and its agencies	9.8	9.9	−0.1
Other international commissions and organizations	2.6	2.7	−0.1
Commonwealth organizations	0.3	0.3	
	12.7	*12.9*	*−0.2*
Construction, acquisition or improvement of buildings, works, land, equipment and furnishings	7.0	6.5	0.5
Administration, operation, maintenance and general	45.4	42.0	3.4
	225.0	215.7	9.3

(1) Less than $50,000.

Contributions, grants and payments to international commissions and organizations were $18 million compared with $19 million in 1967-68, assessments for membership in international commissions and organizations were $13 million in 1968-69, the same as the previous year and administration, operation, maintenance and general costs were $45 million compared with $42 million.

Finance

Expenditures of the Department of Finance amounted to $2,420 million in 1968-69 compared with $2,121 million in 1967-68. These figures include expenditures of the Auditor General's Office and the Department of Insurance which formerly were shown under separate headings but exclude expenditures of the former Comptroller of the Treasury whose duties and responsibilities are now included in the Department of Supply and Services.

The main items accounting for the increase of $299 million were public debt charges which were $178 million higher than in 1967-68 and payments to provinces which were $130 million higher than in 1967-68.

TABLE 14

(in millions of dollars)

Finance	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Public debt charges	1,479.0	1,300.8	178.2
Fiscal, subsidy and other payments to provinces	867.1	737.5	129.6
Municipal grants	43.7	41.5	2.2
Forgiveness of indebtedness—municipal development and loan board	3.5	17.4	−13.9
Royal Canadian Mint	4.6	4.0	0.6
Auditor General's Office	2.6	2.3	0.3
Insurance	2.0	1.9	0.1
Administration and general	17.2	15.6	1.6
	2,419.7	2,121.0	298.7

Public debt charges

Public debt charges 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. These charges were $1,479 million compared with $1,301 million in 1967-68.

Interest on public debt totalled $1,442 million, of which $1,142 million was in respect of unmatured debt and $300 million in respect of other liabilities. In 1967-68 total interest was $1,270 million of which $980 million was in respect of unmatured debt and $290 million in respect of other liabilities.

The increase of $161 million in interest on unmatured debt reflected an increase in unmatured debt and higher interest rates. The increase in interest on other liabilities was due mainly to increases in the superannuation accounts.

Other public debt charges were $37 million compared with $31 million in 1967-68.

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 1968-69 this income totalled $693 million as shown in the non-tax revenue section under the heading "return on investments". This amount deducted from the gross total of $1,442 million for interest as shown in the table leaves a net amount of $749 million compared with a net of $658 million in 1967-68. Measured as a percentage of the net debt the burden of the net annual interest charges was 4.32 per cent in 1968-69 compared with 3.92 per cent in 1967-68. As a percentage of the gross national product for the calendar year ending within the fiscal year, the relative burden was 1.11 per cent compared with 1.06 per cent in 1967-68.

TABLE 15
(in millions of dollars)

Interest and Other Public Debt Charges	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Interest on public debt—			
Unmatured debt including treasury bills—			
Payable in Canada	1,121.0	967.9	153.1
Payable outside Canada	21.0	12.6	8.4
	1,142.0	*980.5*	*161.5*
Other liabilities—			
Annuity, insurance and pension accounts	286.0	273.8	12.2
Deposit and trust accounts	7.0	4.6	2.4
Refundable portion of corporation income tax	7.0	11.1	−4.1
	300.0	*289.5*	*10.5*
Total interest on public debt	1,442.0	1,270.0	172.0
Other public debt charges—			
Annual amortization of bond discounts and commissions	32.0	26.3	5.7
Cost of issuing new loans	3.0	2.9	0.1
Servicing of public debt	2.0	1.6	0.4
	37.0	*30.8*	*6.2*
	1,479.0	1,300.8	178.2

TABLE 16

(in millions of dollars)

Net Burden of Annual Interest Charges	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Total interest on public debt	1,442.0	1,270.0	172.0
Less return on investments	−693.0	−612.3	−80.7
Net interest cost	749.0	657.7	91.3
Net interest cost as a percentage of net debt	4.32	3.92	

Fiscal, subsidy and other payments to provinces

Budgetary expenditure was charged with $867 million for payments to the provinces, $130 million more than in 1967-68.

Payments of $644 million under the Federal-Provincial Fiscal Arrangements Act were $81 million higher than in 1967-68. However, during 1967-68 amounts due to the provinces for the years 1962 to 1966 inclusive were recalculated on the basis of revised population figures for those years. This resulted in overpayments to the provinces of $38 million. These overpayments have been recorded in the asset category "loans to provincial governments" and the 1967-68 charge to budgetary expenditure was reduced to $564 million.

Payments of $187 million under the Established Programs (Interim Arrangements) Act were made to the Province of Quebec in compensation to that province for its opting out of the following programs: hospital insurance and diagnostic services, old age assistance, disabled persons allowances, blind persons allowances, unemployment assistance and Canada assistance plan; and in part, the general health grants program. Payments totalled $153 million in 1967-68.

Subsidies to provinces payable under the British North America Acts and other statutory authority were $32 million the same as in 1967-68.

The transfer of certain public utility tax receipts was $21 million in 1968-69, $14 million more than in 1967-68 and represented the transferable portion of income tax received from corporations whose main business was the distribution to, or generation for distribution to, the public of electrical energy, gas and steam.

The Federal-Provincial Fiscal Revision Act, 1964, provides that where, in any fiscal year commencing on or after April 1, 1964, the federal savings

in respect of a province providing schooling allowances exceeds the federal revenue abatement in respect of that province for the taxation year ending in that fiscal year, the Minister of Finance may, out of the consolidated revenue fund, pay to that province in respect of that fiscal year an amount equal to the excess and where for a taxation year ending in any fiscal year commencing on or after April 1, 1964 the federal revenue abatement in respect of a province providing schooling allowances exceeds the federal savings in that fiscal year in respect of that province, the amount of the excess may be deducted from any payment to that province under the Federal-Provincial Fiscal Arrangements Act or under any subsequent Act of the Parliament of Canada substituted therefor, or may be otherwise recovered as a debt due to Canada by that province. The abatement for the taxation year 1968 and the revised abatement for the taxation year 1967 in respect of the Province of Quebec exceeded the federal savings by $17 million which has been recovered from payments to the province under the Federal-Provincial Fiscal Arrangements Act; in 1967-68 the abatement for the taxation year 1967 exceeded the federal savings by $19 million and was recovered.

TABLE 17

(in millions of dollars)

Fiscal, Subsidy and Other Payments to Provinces	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Payments under the Federal-Provincial Fiscal Arrangements Act[1]	624.4	601.7	22.7
Transferred to "loans to provincial governments"[2]	18.5	−38.1	56.6
Credited to Revenue—Return on Investments	1.4		1.4
Charged to budgetary expenditure	644.3	563.6	80.7
Payments under the Established Programs (Interim Arrangements) Act[3]	186.9	153.0	33.9
Statutory subsidies	31.7	31.7	
Payments under the Federal-Provincial Tax-Sharing Arrangements Act		1.3	−1.3
Transfer of certain public utility tax receipts	21.0	6.7	14.3
Federal-Provincial Fiscal Revision Act (youth allowances)[4]	−16.8	−18.8	2.0
	867.1	737.5	129.6

[1] Gross prior to recovery of an excess abatement under the Federal-Provincial Fiscal Revision Act (youth allowances) to the Province of Quebec.

[2] Overpayments resulting from a recalculation of these payments on the basis of revised population figures for the years 1962 to 1966 inclusive.

[3] Payments made to the Province of Quebec in respect of opting out agreements.

[4] Recovered from payments to the Province of Quebec under the Federal-Provincial Fiscal Arrangements Act.

A summary of payments by provinces is given in the following table:

TABLE 18
(in millions of dollars)

Fiscal, Subsidy and Other Payments to Provinces	Fiscal year ended March 31, 1969 (preliminary)					
	Payments under fiscal arrangements	Payments under Interim Arrangements Act	Statutory subsidies	Recovery under the Federal-Provincial Fiscal Revision Act (youth allowances)	Transfer of certain public utility tax receipts	Total
Newfoundland	73.2		9.6		1.2	84.0
Nova Scotia	88.0		2.1		1.9	92.0
Prince Edward Island	14.8		0.7		0.2	15.7
New Brunswick	76.6		1.8		0.1	78.5
Quebec	296.4	186.9	4.0	−16.8	2.9	473.4
Ontario	21.7		4.6		5.5	31.8
Manitoba	45.0		2.1		0.9	48.0
Saskatchewan	22.4		2.1		0.1	24.6
Alberta	6.9		3.0		7.4	17.3
British Columbia	−0.7		1.7		0.6	1.6
Yukon and Northwest Territories					0.2	0.2
	644.3	186.9	31.7	−16.8	21.0	867.1

Municipal grants

Payments to municipalities and provinces in lieu of taxes on federal property amounted to $44 million compared with $42 million in 1967-68.

Municipal development and loan board

Under the Municipal Development and Loan Act, advances are made to the municipal development and loan board to provide financial assistance by way of loans to municipalities to augment or accelerate capital works programs. The act also provides that the board shall, under certain conditions, forgive payments by the municipality of 25 per cent of the principal amount of the loan. During 1968-69 payments forgiven amounted to $4 million compared with $18 million in the previous year.

Fisheries and Forestry

This is a new department which is comprised of the former Department of Fisheries and the forestry branch of the Department of Forestry.

Expenditures were $71 million in 1968-69, a decrease of $3 million from comparable amounts in 1967-68.

Fisheries management and development accounted for $32 million compared with $35 million in 1967-68 and included $9 million in each year for conservation and protection, $8 million for resource development compared with $6 million in 1967-68 and $4 million for grants, contributions and subsidies compared with $9 million in 1967-68.

TABLE 19
(in millions of dollars)

Fisheries and Forestry	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Fisheries management and development—			
Conservation and protection services	9.2	9.4	−0.2
Resource development service	7.9	6.3	1.6
Grants, contributions and subsidies	4.0	8.5	−4.5
Inspection service	3.3	3.1	0.2
Industrial development service	3.2	3.6	−0.4
Canadian share of the expenses of international commissions	1.5	1.3	0.2
Other	3.1	2.8	0.3
	32.2	*35.0*	*−2.8*
Fisheries Research Board of Canada	15.7	14.6	1.1
Forestry—			
Regional research and services	10.7	10.7	
Research institutes	6.3	7.3	−1.0
Contributions to provinces	1.0	1.1	−0.1
Other	1.9	1.9	
	19.9	*21.0*	*−1.1*
Administration and general	3.2	3.2	
	71.0	73.8	−2.8

The fisheries research board accounted for $16 million compared with $15 million and forestry accounted for $20 million compared with $21 million.

Governor General

Included in these expenditures are the salaries of the Governor General of Canada and the Lieutenant-Governors of the provinces and other expenses of these offices. Expenditures were $1 million in 1968-69, the same as in 1967-68.

Indian Affairs and Northern Development

Expenditures of the Department of Indian Affairs and Northern Development were $265 million, $34 million higher than in 1967-68.

Expenditures for Indian affairs were $142 million compared with $123 million in 1967-68. Costs of education were $70 million ($59 million in 1967-68) and outlays for development and maintenance of Indian communities were $65 million ($57 million in 1967-68).

TABLE 20
(in millions of dollars)

Indian Affairs and Northern Development	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Indian affairs—			
Education	70.0	58.9	11.1
Development and maintenance of Indian communities	64.5	57.0	7.5
Administration and general	7.0	6.6	0.4
	141.5	*122.5*	*19.0*
Northern program—			
Regional development	15.5	13.6	1.9
Education	16.0	12.3	3.7
Resource and economic development	14.0	13.6	0.4
Payments to the Governments of the Yukon Territory and Northwest Territories	12.0	9.4	2.6
Northern mineral assistance grants	2.0	2.8	−0.8
Administration and general	19.6	17.9	1.7
	79.1	*69.6*	*9.5*
Conservation—			
National parks	26.0	23.5	2.5
Historic sites	7.0	5.5	1.5
Canadian wildlife service	5.0	3.8	1.2
Administration and general	3.4	3.9	−0.5
	41.4	*36.7*	*4.7*
Administration and general	3.0	2.6	0.4
	265.0	231.4	33.6

Expenditures of the northern program were $79 million compared with $70 million in 1967-68. Regional development costs were $16 million ($14 million in 1967-68), education costs were $16 million ($12 million in 1967-68), resource and economic development costs were $14 million, the same as last year and payments to the Yukon Territory and the Northwest Territories were $12 million ($9 million in 1967-68).

Expenditures for conservation were $41 million compared with $37 million in 1967-68. Outlays for national parks were $26 million ($24 million in 1967-68), for historic sites $7 million ($6 million in 1967-68) and for the Canadian wildlife service $5 million ($4 million in 1967-68).

Industry and Trade and Commerce

This is a new department and includes expenditures formerly under the Department of Industry, with the exception of those in respect of incentives for the development of industrial employment opportunities and those for the area development agency which are now under the Department of Regional Economic Expansion, expenditures formerly under the Department of Trade and Commerce, with the exception of those for the standards branch now under the Department of Consumer and Corporate Affairs and those for the Canadian government exhibition commission now under the Department of Public Works, and expenditures for the Dominion Bureau of Statistics.

Expenditures totalled $204 million in 1968-69. Comparable expenditures in 1967-68 were $186 million.

TABLE 21
(in millions of dollars)

Industry and Trade and Commerce	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Industry—			
Technological capability (defence)	25.0	33.5	−8.5
Capital subsidies for construction of commercial and fishing vessels	23.4	39.3	−15.9
General incentives to industry for the expansion of scientific research and development in Canada	20.5	2.1	18.4
Technological capability (non-defence)	5.5	6.4	−0.9
Administration and general	12.1	10.8	1.3
	86.5	*92.1*	*−5.6*
Trade and Commerce—			
Canadian wheat board—			
Carrying costs of temporary wheat reserves	51.0	31.4	19.6
Prairie Grain Advance Payments Act	0.9	0.7	0.2
Payments to the board	8.6	2.7	5.9
Trade commissioner service	10.4	10.3	0.1
Canadian government travel bureau	9.8	10.0	−0.2
Canadian government participation in world exhibitions	2.3	7.0	−4.7
Administration and general	9.8	9.6	0.2
	92.8	*71.7*	*21.1*
Dominion Bureau of Statistics	24.7	22.5	2.2
	204.0	186.3	17.7

Expenditures in respect of industry totalled $86 million compared with $92 million in 1967-68. Included therein was $25 million to develop and sustain the technological capability of Canadian defence and related industry ($34 million in 1967-68), $23 million in capital subsidies for the construction of commercial and fishing vessels ($39 million in 1967-68) and $21 million in general incentives to industry for the expansion of scientific research and development in Canada ($2 million in 1967-68).

Trade and commerce expenditures totalled $93 million compared with $72 million in the previous fiscal year. Payments in respect of the carrying costs of temporary wheat reserves were $51 million compared with $31 million in 1967-68 and costs of the trade commissioner service and the Canadian government travel bureau were each $10 million in both 1968-69 and 1967-68.

Expenditures of the Dominion Bureau of Statistics were $25 million, $2 million more than in 1967-68.

Justice

Expenditures of the Department of Justice amounted to $17 million compared with $15 million in 1967-68.

Judges salaries, travelling allowances and pensions were $12 million compared with $11 million in 1967-68 and administration and general costs were $5 million compared with $4 million.

TABLE 22

(in millions of dollars)

JUSTICE	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Judges salaries, travelling allowances and pensions	12.3	11.8	0.5
Administration and general	4.7	3.6	1.1
	17.0	15.4	1.6

Labour

Expenditures of the Department of Labour now include those of the Unemployment Insurance Commission which were reported under a separate heading in 1967-68.

Total expenditures in 1968-69 were $138 million compared with $118 million in 1967-68.

TABLE 23

(in millions of dollars)

LABOUR	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Unemployment Insurance Commission—			
Government's contribution to the unemployment insurance fund	86.0	69.5	16.5
Administration of the Unemployment Insurance Act	40.0	37.6	2.4
	126.0	*107.1*	*18.9*
Labour standards and benefits	6.4	5.5	0.9
Research and development	2.4	2.2	0.2
Labour relations	1.2	1.3	−0.1
Administration and general	2.0	1.9	0.1
	138.0	118.0	20.0

Expenditures in respect of the unemployment insurance commission were $126 million and included the government's contribution of $86 million to the fund and $40 million for administration costs. In 1967-68 comparable amounts were $107 million, $69 million and $38 million respectively.

Other expenditures of the department included $6 million for labour standards and benefits ($5 million in 1967-68), $2 million for research and development ($2 million in 1967-68) and $1 million for labour relations ($1 million in 1967-68).

Legislature

Costs of Legislature were $18 million in 1968-69, the same as in 1967-68.

TABLE 24
(in millions of dollars)

Legislature	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
House of Commons	14.3	14.3	
The Senate	3.5	3.4	0.1
Library of Parliament	0.7	0.6	0.1
	18.5	18.3	0.2

Manpower and Immigration

Expenditures of the Department of Manpower and Immigration totalled $415 million compared with $418 million in 1967-68.

In accordance with the government reorganization the experimental projects branch formerly included under this department is now included under the Department of Regional Economic Expansion.

TABLE 25
(in millions of dollars)

Manpower and Immigration	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Development and utilization of manpower—			
Adult occupational training program	190.6	105.1	85.5
Capital assistance in the provision of training facilities	98.0	119.3	−21.3
Employment services	38.0	32.3	5.7
Municipal winter works incentive program	22.0	30.5	−8.5
Payments to provinces under the Technical and Vocational Training Assistance Act	4.3	85.6	−81.3
Other	19.0	16.2	2.8
	371.9	*389.0*	*−17.1*
Immigration	22.8	21.6	1.2
Program development	6.3	2.9	3.4
Assistance to Czechoslovakian refugees	8.1		8.1
Immigration appeal board	0.6	0.3	0.3
Administration and general	5.3	4.1	1.2
	415.0	417.9	−2.9

Development and utilization of manpower accounted for $372 million compared with $389 million in the previous fiscal year. The main items were $191 million for the adult occupational training program, $86 million more than in 1967-68; $98 million for capital assistance in the provision of training facilities, $21 million less than in 1967-68; $38 million for employment services, $6 million more than in 1967-68; and $22 million for the municipal winter works incentive program, $9 million less than in 1967-68.

Outlays for immigration were $23 million compared with $22 million in 1967-68, costs of program development were $6 million compared with $3 million and special assistance to Czechoslovakian refugees was $8 million.

National Defence

Expenditures of the Department of National Defence totalled $1,762 million for 1968-69 and were $6 million more than the total of $1,756 million for 1967-68.

Expenditures for the Canada emergency measures organization formerly shown under the Department of Defence Production are now included in expenditures of the Department of National Defence and expenditures in respect of the defence research telecommunications establishment formerly included

TABLE 26

(in millions of dollars)

National Defence	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Defence services—			
Operation and maintenance	1,265.0	1,237.4	27.6
Construction or acquisition of buildings, works, land and major equipment	223.0	277.5	−54.5
Development	14.7	13.0	1.7
Other	1.5	0.3	1.2
	1,504.2	*1,528.2*	*−24.0*
Pensions and other benefits—			
Canadian forces superannuation account—			
Government's contribution	57.0	58.4	−1.4
Amortization of deferred charges	104.8	72.6	32.2
Government's contribution as an employer to the Canada pension plan and the Quebec pension plan	7.8	8.1	−0.3
Payments under Parts I–IV of the Defence Services Pension Continuation Act	9.2	9.3	−0.1
Other	0.3	0.3	
	179.1	*148.7*	*30.4*
Defence Research	47.4	45.0	2.4
Mutual aid to NATO countries including contributions towards military costs of NATO	15.3	18.0	−2.7
Canada Emergency Measures Organization	6.9	8.0	−1.1
Defence Construction (1951) Limited	2.3	2.2	0.1
Administration and general	6.8	6.0	0.8
	1,762.0	1,756.1	5.9

under the Department of National Defence are now included under the Department of Communications.

Expenditures of $1,504 million for defence services included $1,265 million for operation and maintenance, $223 million for construction or acquisition of buildings, works, land and major equipment and $15 million for development. In 1967-68 expenditures of $1,528 million for defence services included $1,237 million for operation and maintenance, $278 million for construction or acquisition and $13 million for development.

Expenditures for pensions and other benefits totalled $179 million and included $162 million in respect of the Canadian forces superannuation account, $8 million for the government's contribution as an employer to the Canada pension plan and the Quebec pension plan and $9 million in payments under Parts I—IV of the Defence Services Pension Continuation Act. In 1967-68 expenditures totalled $149 million of which $131 million was in respect of the superannuation account, $8 million for the government's contribution as an employer to the Canada pension plan and the Quebec pension plan and $9 million for payments under Parts I–IV of the Defence Services Pension Continuation Act.

The government's contribution to the Canadian forces superannuation account, of an amount equal to $1\frac{2}{3}$ times the contributions of the permanent services personnel, was $57 million compared with $58 million in 1967-68. An amount of $105 million, equal to one fifth of the actuarial deficiency arising out of pay increases was also charged to budgetary expenditure in 1968-69.

Defence research costs of $47 million were $2 million more than in 1967-68.

Mutual aid to NATO countries including contributions towards military costs of NATO at $15 million were $3 million less than in 1967-68.

Expenditures in respect of the Canada Emergency Measures Organization were $7 million, a decrease of $1 million from the previous fiscal year.

National Health and Welfare

Expenditures of the Department of National Health and Welfare totalled $1,670 million compared with $1,509 million in 1967-68.

Expenditures of the medical research council which were formerly included under the expenditures of the National Research Council are now included herein.

Outlays for welfare services amounted to $896 million compared with $877 million in 1967-68; outlays for health insurance and resources were $679 million compared with $549 million; outlays for medical services were $48 million compared with $42 million; and outlays in respect of the medical research council were $27 million compared with $21 million.

TABLE 27

(in millions of dollars)

National Health and Welfare	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Welfare services—			
Family allowances	560.4	558.8	1.6
Family assistance	3.6	4.2	−0.6
Youth allowances	52.6	49.4	3.2
Canada assistance plan—payments to provinces	251.4	225.6	25.8
Disabled persons allowances	6.0	7.1	−1.1
Old age assistance	3.3	8.9	−5.6
Blind persons allowances	2.0	2.3	−0.3
Unemployment assistance	1.0	6.1	−5.1
Fitness and amateur sport	4.0	3.6	0.4
National welfare grants	2.0	1.9	0.1
Other	9.4	8.6	0.8
	895.7	*876.5*	*19.2*
Health insurance and resources—			
Government's contributions under the Hospital Insurance and Diagnostic Services Act	560.0	468.6	91.4
Health resources fund	37.5	32.7	4.8
Medical Care Act	33.0		33.0
Grants to provinces—			
General health	30.5	29.6	0.9
Hospital construction	16.8	16.4	0.4
Other	1.2	1.3	−0.1
	679.0	*548.6*	*130.4*
Medical services	48.2	42.5	5.7
Medical research council	26.5	21.0	5.5
Health services	7.6	8.6	−1.0
Food and drug services	9.0	7.9	1.1
Administration and general	4.0	3.9	0.1
	1,670.0	1,509.0	161.0

Family allowances, family assistance and youth allowances

These expenditures totalled $617 million of which $560 million was family allowances, $53 million was youth allowances and $4 million was family assistance. In 1967-68 the total was $612 million of which $559 million was family allowances, $49 million was youth allowances and $4 million was family assistance.

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 family allowance is payable. The monthly allowance is $6 if the child is under 10 years of age and $8 in the age group 10 to 15.

Family assistance is payable at the same rates to children of immigrants and settlers during their first year of residence in Canada.

Youth allowances are payable at the rate of $10 per month in respect of persons resident in Canada who have attained the age of 16 years and have not attained the age of 18 years and who are in full-time attendance at a school or

university or are by reason of mental or physical infirmity precluded from attending school or university. No payments were made in respect of persons resident in the Province of Quebec. However, under authority of the Federal-Provincial Fiscal Revision Act, 1964, abatements in federal income tax otherwise payable by individuals resident in that province were allowed in compensation of the fact that the payment of youth allowances had been assumed by the province and to allow for the imposition of the required provincial income taxes.

TABLE 28

(in millions of dollars)

Family Allowances, Family Assistance and Youth Allowances Payments	Fiscal year ended March 31, 1969 (preliminary)			
	Family allowances	Family assistance	Youth allowances	Total
Newfoundland	17.0	(1)	1.7	18.7
Nova Scotia	21.6	(1)	2.8	24.4
Prince Edward Island	3.1	(1)	0.5	3.6
New Brunswick	18.4	(1)	2.5	20.9
Quebec	163.6	0.5		164.1
Ontario	189.3	2.0	25.5	216.8
Manitoba	25.3	0.2	3.6	29.1
Saskatchewan	26.4	0.1	3.6	30.1
Alberta	43.5	0.3	5.5	49.3
British Columbia	50.7	0.5	6.8	58.0
Northwest and Yukon Territories	1.5	(1)	0.1	1.6
	560.4	3.6	52.6	616.6

(1) Less than $50,000.

Canada assistance plan

Payments to provinces under the Canada assistance plan totalled $252 million compared with $226 million in 1967-68. The Canada Assistance Plan Act which was enacted in 1966 authorized the federal government to enter into agreements with the provinces for sharing the costs of assistance and welfare services provided by the provinces, territories and municipalities to persons in need, including the costs of food, shelter, clothing, fuel and utilities, essential household supplies, expenses incidental to a trade, care in a home for special care, travel and transportation, funerals and burials, health care services, prescribed welfare services including rehabilitation, and comfort allowances. The rate of federal contribution is 50 per cent of the shareable costs; the rates for assistance granted and the specific conditions of eligibility applied are determined by the provinces and their municipalities and take into account the budgetary requirements as well as the income and resources of the applicants. Contributions under this plan have replaced certain contributions which formerly had been made under the Old Age Assistance Act, the Disabled Persons Act, the Blind Persons Act and the Unemployment Assistance Act.

TABLE 29

(in millions of dollars)

Canada Assistance Plan	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Newfoundland	21.0	17.9	3.1
Nova Scotia	11.2	10.3	0.9
Prince Edward Island	2.3	1.7	0.6
New Brunswick	8.3	7.2	1.1
Ontario	116.1	100.3	15.8
Manitoba	15.1	15.6	−0.5
Saskatchewan	15.4	13.4	2.0
Alberta	25.5	26.5	−1.0
British Columbia	36.2	32.7	3.5
Northwest and Yukon Territories	0.3		0.3
	251.4	225.6	25.8

Old age assistance, disabled persons allowances, unemployment assistance and blind persons allowances

Contributions to the provinces for old age assistance totalled $3 million in 1968-69 compared with $9 million in 1967-68, for disabled persons allowances $6 million compared with $7 million, for unemployment assistance $1 million compared with $6 million and for blind persons allowances $2 million compared with $2 million.

The decreases noted above were due mainly to the fact that certain contributions to the provinces which in prior years were made under the Old Age Assistance Act, the Blind Persons Act, the Disabled Persons Act and the Unemployment Assistance Act are now being made under the Canada assistance plan. The decrease in old age assistance payments was also due to the lowering of the age limit for old age security benefits.

Under the Old Age Assistance Act, the federal government reimburses the provinces by paying 50 per cent of the lesser of $75 monthly or the amount of assistance given by the provinces in the form of monthly pensions to eligible persons in need who have attained the age of 65 years. (Under the Old Age Security Act, all persons who satisfy the residence requirements of the act may receive a pension of $78 ($75 up to January 1, 1968 and $76.50 to January 1, 1969) per month from the federal government out of the old age security fund provided that no pension is paid in any month before January 1966 in which the person had not attained 70 years of age, the age limit being reduced by one in each subsequent year until 1970. An amendment to the Old Age Security Act authorizes the payment of a monthly guaranteed income supplement to eligible pensioners. The amount of the supplement that may be paid to a pensioner for a month is (a) in the year 1967, $30, and (b) in any year after 1967, 40 per cent of the amount of the pension that may be paid to him for that month, dependent upon the amount of his income for the preceding year.)

Similarly, the federal government reimburses the provinces under the Blind Persons Act for allowances of not more than $75 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 $75 per month for allowances to disabled persons in need 18 years of age or over.

Under the Unemployment Assistance Act, the Minister may, with the approval of the Governor in Council, enter into an agreement with any province for the payment by Canada to the province of contributions not exceeding 50 per cent of unemployment assistance costs in the province. Contributions in 1968-69 were $1 million compared with $6 million in 1967-68. Under federal-provincial agreement the Province of Quebec has opted out of a portion of this program.

The following table presents a distribution of these payments to provinces for 1968-69:

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, 1969 (preliminary)			
	Old age assistance	Disabled persons allowances	Blind persons allowances	Unemployment assistance
Newfoundland	0.2	0.5	0.3	
Nova Scotia	0.6	1.4	0.4	(1)
Prince Edward Island	(1)	(1)	(1)	(1)
New Brunswick	0.6	0.9	0.3	
Ontario	0.2	0.7	0.2	0.6
Manitoba	0.5	0.7	0.2	
Saskatchewan		0.1	0.1	
Alberta	0.5	0.7	0.2	0.3
British Columbia	0.7	1.0	0.3	
Northwest and Yukon Territories	(1)	(1)	(1)	0.1
	3.3	6.0	2.0	1.0

(1) Less than $50,000.

Government's contributions under the Hospital Insurance and Diagnostic Services Act

Contributions of $560 million to the provinces in 1968-69 under this act were $91 million more than in 1967-68. Under federal-provincial agreement the Province of Quebec has opted out of this program.

TABLE 31

(in millions of dollars)

Government's Contributions Under the Hospital Insurance and Diagnostic Services Act	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Newfoundland	20.4	15.5	4.9
Nova Scotia	28.3	24.0	4.3
Prince Edward Island	3.7	3.4	0.3
New Brunswick	22.2	19.5	2.7
Ontario	286.2	234.8	51.4
Manitoba	34.8	30.6	4.2
Saskatchewan	35.5	32.3	3.2
Alberta	59.2	49.8	9.4
British Columbia	68.2	57.4	10.8
Northwest and Yukon Territories	1.5	1.3	0.2
	560.0	468.6	91.4

General health grants and hospital construction grants to provinces

Grants to provinces for general health services totalled $31 million compared with $30 million in 1967-68 and for hospital construction they totalled $17 million compared with $16 million. Under federal-provincial agreement the Province of Quebec has opted out of a portion of this program.

TABLE 32

(in millions of dollars)

General Health Grants and Hospital Construction Grants	Fiscal year ended March 31, 1969 (preliminary)		
	General health grants	Hospital construction grants	Total
Newfoundland	1.1	0.2	1.3
Nova Scotia	1.6	0.8	2.4
Prince Edward Island	0.4	0.1	0.5
New Brunswick	1.3	0.2	1.5
Quebec	1.7	1.4	3.1
Ontario	13.0	7.2	20.2
Manitoba	2.4	0.7	3.1
Saskatchewan	2.2	1.0	3.2
Alberta	2.8	1.5	4.3
British Columbia	3.9	3.7	7.6
Northwest and Yukon Territories	0.1	(1)	0.1
	30.5	16.8	47.3

(1) Less than $50,000.

Health resources fund

The Health Resources Fund Act provides for the establishment of a health resources fund to assist provinces in the acquisition, construction and renovation of health training facilities and research institutions.

Expenditures in 1968-69 amounted to $38 million compared with $33 million in the previous fiscal year.

TABLE 33

(in millions of dollars)

Contributions to Provinces Under the Health Resources Fund Act	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Newfoundland	0.2	0.1	0.1
Nova Scotia	9.8	8.6	1.2
Prince Edward Island	0.1	0.1	
New Brunswick	1.4	1.2	0.2
Quebec	11.2	9.8	1.4
Ontario	9.7	8.6	1.1
Manitoba	0.6	0.5	0.1
Saskatchewan	0.1	0.1	
Alberta	1.9	1.6	0.3
British Columbia	2.5	2.1	0.4
	37.5	32.7	4.8

National Revenue

Expenditures of the Department of National Revenue amounted to $120 million, an increase of $5 million over the 1967-68 total of $115 million.

Outlays of $59 million in respect of the collection of customs import duties, excise taxes and excise duties were $2 million higher and outlays of $61 million in respect of taxation were $3 million higher than in 1967-68.

TABLE 34

(in millions of dollars)

National Revenue	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Customs and excise	58.5	56.7	1.8
Taxation	61.2	58.1	3.1
Income tax appeal board	0.3	0.3	
	120.0	115.1	4.9

Privy Council

Expenditures of the Privy Council now include those of the Public Service Staff Relations Board, formerly set out under a separate heading, but those in respect of the Company of Young Canadians, formerly under the Privy Council, are now included in the expenditures of the Department of the Secretary of State.

Expenditures of $10 million were $1 million less than comparative expenditures in 1967-68.

TABLE 35

(in millions of dollars)

Privy Council	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Administration and general	6.9	8.6	−1.7
Economic Council of Canada	1.5	1.5	
Public Service Staff Relations Board	1.1	1.0	0.1
	9.5	11.1	−1.6

Public Works

Expenditures of the Department of Public Works now include those in respect of the Canadian Government Exhibition Commission which in 1967-68 were included in expenditures of the Department of Trade and Commerce. Those in respect of the National Capital Commission which in 1967-68 were reported under the Department of Public Works are now reported under the Department of Regional Economic Expansion.

Expenditures in 1968-69 totalled $282 million compared with $291 million in 1967-68.

TABLE 36

(in millions of dollars)

Public Works	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Accommodation services—			
Maintenance and operation of public buildings and grounds—			
National capital region	40.1	35.1	5.0
Other than national capital region	53.4	49.6	3.8
Acquisition of equipment and furnishings other than office furnishings	1.5	1.4	0.1
Construction, acquisition, major repairs, etc. of public buildings—			
Ottawa	41.3	24.8	16.5
Other than Ottawa	32.2	22.9	9.3
	168.5	*133.8*	*34.7*
Roads, bridges and other engineering services—			
Operation and maintenance	7.0	6.7	0.3
Construction, acquisition, major repairs and improvements of, and plans and sites for, roads, bridges and other engineering works	9.6	10.4	−0.8
Trans-Canada highway—			
Contributions to provinces under terms of the Trans-Canada Highway Act	33.0	64.7	−31.7
Construction through national parks	0.1	2.0	−1.9
	49.7	*83.8*	*−34.1*
Harbours and rivers engineering services—			
Operation and maintenance	8.5	7.6	0.9
Construction or acquisition of equipment	0.6	0.9	−0.3
Construction, acquisition, major repairs, etc. of harbour and river works	23.3	35.2	−11.9
Dry dock subsidies	0.2	0.2	
	32.6	*43.9*	*−11.3*
Canadian Government Exhibition Commission	5.2	5.4	−0.2
Testing laboratories	1.1	1.2	−0.1
Administration and general	24.9	22.8	2.1
	282.0	290.9	−8.9

Accommodation services

Expenditures for these services were $169 million, $35 million higher than the 1967-68 total.

Costs of maintenance and operation of public buildings and grounds were $93 million compared with $85 million in the previous year, costs of construction or acquisition of buildings, etc. were $74 million compared with $48 million and costs of acquisition of equipment and furnishings other than office furnishings were $1 million, the same as in 1967-68.

Roads, bridges and other engineering services

Expenditures for these services totalled $50 million, $34 million less than in 1967-68. Contributions of $33 million to provinces in respect of the Trans-Canada highway were $32 million less than in 1967-68.

Harbours and rivers engineering services

Expenditures for these services totalled $33 million, $11 million less than in 1967-68 due mainly to a reduction in expenditure for construction, acquisition, major repairs, etc. of harbour and river works which amounted to $23 million compared with $35 million in the previous year.

Canadian Government Exhibition Commission

Expenditures of this commission which were transferred from the former Department of Trade and Commerce amounted to $5 million approximately the same as in the previous year.

Regional Economic Expansion

The Department of Regional Economic Expansion was formed to be responsible for the Agricultural and Rural Development Act function and the fund for rural economic development (included in expenditures of the Department of Forestry and Rural Development in 1967-68), the Atlantic Development Board (included in expenditures of the Department of Transport in 1967-68), the Area Development Agency (included in expenditures of the Department of Industry in 1967-68), the experimental projects branch (included in expenditures of the Department of Manpower and Immigration in 1967-68), land rehabilitation, irrigation and water storage (included in expenditures of the Department of Agriculture in 1967-68), the National Capital Commission (included in expenditures of the Department of Public Works in 1967-68), and the Cape Breton Development Corporation (included in expenditures of the Department of Energy, Mines and Resources in 1967-68).

Expenditures in 1968-69 totalled $170 million compared with expenditures in 1967-68 of $160 million.

The increase of $10 million was due mainly to an increase of $30 million in respect of the Cape Breton Development Corporation which was partly offset by reductions of $19 million in other programs.

TABLE 37

(in millions of dollars)

Regional Economic Expansion	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Atlantic Development Board	42.0	42.4	−0.4
Cape Breton Development Corporation	32.0	1.6	30.4
National Capital Commission	22.0	23.2	−1.2
Department	74.0	92.4	−18.4
	170.0	159.6	10.4

Outlays of $42 million in respect of the Atlantic Development Board were approximately the same as in 1967-68, expenditures in respect of the Cape Breton Development Corporation totalled $32 million compared with $2 million, expenditures in respect of the National Capital Commission were $22 million compared with $23 million in 1967-68. Other expenditures totalled $74 million compared with $92 million in 1967-68.

Secretary of State

The expenditures of the Department of the Secretary of State now include those in respect of the Canadian Radio-Television Commission (formerly the Board of Broadcast Governors), the Canadian Broadcasting Corporation, the Office of the Chief Electoral Officer, the National Film Board, the National Museums of Canada, the Public Archives and National Library and the Public Service Commission which were reported under separate headings in 1967-68; and the expenditures relating to the Company of Young Canadians which in 1967-68 were reported under Privy Council.

These expenditures totalled $530 million in 1968-69 compared with $366 million in 1967-68.

The increase of $164 million was due mainly to increases of $169 million in payments to the provinces for post-secondary education ($277 million compared with $108 million), $13 million in respect of the Chief Electoral Officer ($14 million compared with $1 million), reflecting the cost of the 1968 federal election and $9 million in respect of the Canadian Broadcasting Corporation ($152 million compared with $143 million) and decreases of $31 million for the Centennial Commission (nil expenditures compared with $31 million) and $4 million for construction and acquisition in respect of the National Arts Centre ($15 million compared with $20 million).

TABLE 38

(in millions of dollars)

Secretary of State	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Post-secondary education payments to provinces	277.0	108.0	169.0
Construction or acquisition of buildings, works, land and equipment—National Arts Centre	15.4	19.5	−4.1
Citizenship	4.4	3.3	1.1
Translation bureau	4.6	4.1	0.5
Administration and general	2.1	2.1	
	303.5	*137.0*	*166.5*
Centennial Commission		31.2	−31.2
Canada Council	20.4	16.9	3.5
Canadian Broadcasting Corporation	152.5	143.3	9.2
Canadian Film Development Corporation	0.3		0.3
Canadian Radio-Television Commission[1]	1.9	1.0	0.9
Office of the Chief Electoral Officer	13.9	0.7	13.2
Company of Young Canadians	1.8	2.4	−0.6
National Arts Centre Corporation	1.1	1.0	0.1
National Film Board	10.5	9.3	1.2
National Library	1.6	1.6	
National Museums of Canada	7.0	6.6	0.4
Public Archives	2.2	2.0	0.2
Public Service Commission	13.2	12.6	0.6
Office of the Representation Commissioner	0.1	0.1	
	530.0	365.7	164.3

[1] Formerly the Board of Broadcast Governors.

Solicitor General

Expenditures of the Department of the Solicitor General totalled $160 million, $7 million more than the previous year's total. The main changes were increases of $13 million in respect of the Royal Canadian Mounted Police and a decrease of $6 million in respect of correctional services.

TABLE 39

(in millions of dollars)

Solicitor General	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Royal Canadian Mounted Police—			
National police services, federal law enforcement duties and provincial and municipal policing under contract—			
Administration, operation and maintenance	72.0	61.9	10.1
Construction or acquisition of buildings, works, land and equipment	6.4	10.0	−3.6
Pensions and other benefits—			
Pensions	5.9	5.4	0.5
Royal Canadian Mounted Police superannuation account—			
Government's contribution	6.6	4.2	2.4
Amortization of deferred charges	7.8	5.3	2.5
Other	1.6	0.9	0.7
	100.3	*87.7*	*12.6*
Correctional services—			
Administration of the Canadian penitentiary service	1.9	1.0	0.9
Operation and maintenance of penitentiaries	40.4	39.1	1.3
Parole Act administration	2.1	1.6	0.5
Construction or acquisition of buildings, works, land and equipment	14.0	23.1	−9.1
	58.4	*64.8*	*−6.4*
Office of the Solicitor General	1.3	1.0	0.3
	160.0	153.5	6.5

Correctional services

Expenditures of $58 million in respect of correctional services were $6 million less than in 1967-68 and included outlays of $40 million for operation and maintenance of penitentiaries compared with $39 million in 1967-68 and $14 million for construction or acquisition of buildings, works, land and equipment compared with $23 million in the previous fiscal year.

Royal Canadian Mounted Police

Gross expenditures were $133 million in 1968-69 but receipts of $33 million arising from services provided by those expenditures brought the net amount charged to budgetary expenditure to $100 million. The receipts of $33 million included $31 million in payment for policing certain provinces, territories and municipalities and $2 million in payment of rations, accommodation, etc.

In 1967-68, gross expenditures were $119 million, receipts were $31 million resulting in a charge of $88 million to budgetary expenditures. Payment for policing services was $30 million and payments for rations, accommodation, etc. were $1 million.

Supply and Services

The Department of Supply and Services was newly formed in 1968-69 and is responsible for the supply of goods and services to departments and agencies of the Federal Government. These responsibilities consist of those of: the former

Department of Defence Production, less the Canada Emergency Measures Organization, now under the Department of National Defence and less the International Programs Branch, now under the Department of Industry and Trade and Commerce; the former Office of the Comptroller of the Treasury, formerly under the Department of Finance; the former Department of Public Printing and Stationery; the Management Advisory Services formerly under the Public Service Commission; the Shipbuilding Branch, formerly under the Department of Transport; the Canadian Arsenals Limited; the Canadian Commercial Corporation; the Polymer Corporation Limited; and the Crown Assets Disposal Corporation.

Expenditures of $66 million in 1968-69 were $1 million more than comparable expenditures in 1967-68.

TABLE 40

(in millions of dollars)

Supply and Services	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Services—			
Central office and branch office administration	31.2	31.0	0.2
Superannuation and Retirement Acts administration	1.1	1.1	
Management advisory services	0.9	0.7	0.2
Other	1.4		1.4
	34.6	*32.8*	*1.8*
Supply—			
Administration	22.0	20.8	1.2
Other	0.3	0.7	−0.4
	22.3	*21.5*	*0.8*
Public Printing and Stationery	4.0	4.9	−0.9
Canadian Commercial Corporation	1.9	2.0	−0.1
Canadian Arsenals Limited	0.3	0.4	−0.1
Administration and general	2.9	3.0	−0.1
	66.0	64.6	1.4

Outlays for services totalled $35 million compared with $33 million in the previous year and mainly consisted of $31 million for central office and branch office administration.

Expenditures for supply amounted to $22 million, an increase of $1 million over the previous year.

The above increases were partly offset by expenditures of $4 million for Public Printing and Stationery which decreased one million from the previous year's total.

Public Printing and Stationery costs were $4 million compared with $5 million in 1967-68, for the Canadian Commercial Corporation expenditures were $2 million in each year and for administration and general, expenditures were $3 million in each fiscal year.

Transport

Expenditures of the Department of Transport including those in respect of Central Mortgage and Housing Corporation, formerly reported under its own heading, the Canadian Transport Commission, the National Harbours Board and The St. Lawrence Seaway Authority totalled $502 million in 1968-69 compared with $534 million in 1967-68.

TABLE 41

(in millions of dollars)

TRANSPORT	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Marine services—			
Administration, operation and maintenance	45.0	45.5	−0.5
Construction or acquisition	39.0	46.3	−7.3
	84.0	*91.8*	*−7.8*
Railways and steamships—			
Maritime Freight Rates Act	19.4	14.2	5.2
Construction or acquisition	9.8	24.5	−14.7
Railway to Great Slave Lake	1.1	4.4	−3.3
Victoria bridge	0.9	0.9	
Operating deficits—			
Canadian National Railways	29.2	35.8	−6.6
Newfoundland ferry and terminals	16.7	16.5	0.2
Prince Edward Island car ferry and terminals	5.0	4.8	0.2
Yarmouth, N.S.—Bar Harbour, Maine, U.S.A. ferry service	0.3	0.4	−0.1
Railway employees' provident fund—deficit		6.6	−6.6
Other	0.7	0.6	0.1
	83.1	*108.7*	*−25.6*
Air services—			
Administration, operation and maintenance	96.7	83.0	13.7
Construction or acquisition	47.0	45.3	1.7
Grants, contributions, subsidies and other payments	2.5	2.8	−0.3
	146.2	*131.1*	*15.1*
Administration and general	8.5	7.1	1.4
	321.8	338.7	−16.9
Central Mortgage and Housing Corporation—			
Urban renewal	16.4	9.7	6.7
Loans forgiven by the corporation	8.0	7.9	0.1
Losses sustained on federal-provincial projects	4.5	2.4	2.1
Housing research and community planning	4.5	3.1	1.4
	33.4	*23.1*	*10.3*
Canadian Transport Commission—			
Payments under the National Transportation Act	93.7	126.0	−32.3
Contributions to the railway grade crossing fund	15.0	15.0	
Steamship subventions	12.3	11.1	1.2
Subsidies to air carriers	2.1	1.2	0.9
Administration and general	4.9	3.6	1.3
	128.0	*156.9*	*−28.9*
National Harbours Board	7.0	4.8	2.2
The St. Lawrence Seaway Authority—			
Welland canal deficit	9.2	8.2	1.0
Other operating deficits and capital requirements	2.4	2.4	
	11.6	*10.6*	*1.0*
	501.8	534.1	−32.3

Expenditures which in 1967-68 were reported under the Department of Transport and which are now reported elsewhere are those in respect of: the Atlantic Development Board, now under the Department of Regional Economic Expansion; the Government Telecommunications Policy and Administrative Bureau and a portion of the Telecommunications and Electronics Branch, now under the Department of Communications; and the Shipbuilding Branch, now under the Department of Supply and Services.

Another factor affecting the department's expenditures is the authority contained in vote 5, marine services and vote 30, air services to credit thereto revenue arising from services provided thereunder. In 1968-69 this revenue was $40 million in respect of vote 30 and $10 million in respect of vote 5. In 1967-68 this revenue was $38 million and $9 million respectively.

Marine services

Net expenditures of $84 million were $8 million less than in 1967-68 and included $45 million for administration, operation and maintenance compared with $46 million in 1967-68 and $39 million for construction or acquisition compared with $46 million in the previous year. Revenue credited to the administration, operation and maintenance appropriations amounted to $10 million, of which $5 million was earnings from marine services steamers and $2 million from wharfage rentals. In 1967-68 comparable revenue was $9 million, of which $5 million was earnings of marine services steamers and $2 million was wharfage rentals.

Railways and steamships

These expenditures totalled $83 million compared with $109 million in 1967-68. The main items resulting in the decrease were construction or acquisition which were $10 million in 1968-69 compared with $25 million in 1967-68, the charge to budgetary expenditure of $30 million compared with $36 million in 1967-68 in respect of the Canadian National Railways operating deficits, the subsidy in respect of the railway to Great Slave Lake which was $1 million compared with $4 million, the payment of $7 million in 1967-68 to cover the deficit in the railway employees provident fund for which there was no charge in 1968-69 and payments under the Maritime Freight Rates Act which were $19 million compared with $14 million.

Air services

Net expenditures of $146 million were $15 million more than in 1967-68 and included $97 million for administration, operation and maintenance compared with $83 million in 1967-68 and $47 million for construction or acquisition compared with $45 million. Revenue credited to the administration, operation and maintenance appropriation amounted to $40 million of which $16 million was from aircraft landing fees and $15 million from concessions and rentals. In 1967-68 comparable revenue was $38 million of which $15 million was from aircraft landing fees and $14 million from concessions and rentals.

Central Mortgage and Housing Corporation

Budgetary expenditure of the government in respect of Central Mortgage and Housing Corporation was $33 million compared with $23 million in 1967-68. Urban renewal at $16 million accounted for $7 million of the increase and losses sustained on federal-provincial projects accounted for $2 million of the increase over 1967-68 figures.

Canadian Transport Commission

Expenditures of the Canadian Transport Commission amounted to $128 million compared with $157 million in 1967-68. The decrease was due mainly to payments to railway and transportation companies pursuant to the National Transportation Act which totalled $94 million compared with $126 million in 1967-68.

National Harbours Board

Non-active advances to the board which were charged to budgetary expenditure totalled $7 million compared with $5 million in 1967-68. Net increases reflected additional expenditures for reconstruction and capital expenditures of the Halifax, Churchill and Quebec harbours.

The St. Lawrence Seaway Authority

Budgetary expenditures in respect of The St. Lawrence Seaway Authority were $11 million, $1 million more than in 1967-68. The 1968 operating deficit of the Welland canal, charged to budgetary expenditure, was $9 million compared with the 1967 deficit of $8 million charged in 1967-68 and other operating deficits and capital requirements totalled $2 million in each fiscal year.

Treasury Board

Expenditures of the Treasury Board, including the National Research Council, amounted to $423 million compared with $259 million in 1967-68. In 1967-68 the National Research Council was shown under a separate heading.

Public service superannuation account

The government's contribution to the public service superannuation account, in an amount equal to the estimated current and prior service payments of individuals in 1967-68, was $66 million compared with $60 million in 1967-68.

A further amount of $84 million, equal to one fifth of the actuarial deficiencies arising out of pay increases, was also charged to budgetary expenditure compared with $61 million in 1967-68.

Contingency for salary revisions

An amount of $111 million was charged to budgetary expenditures to cover salary revisions in respect of 1968-69 and prior fiscal years and was credited to the liability account "Contingency for salary revisions".

Canada's contribution as an employer

These contributions totalled $21 million approximately the same as in 1967-68. The main item was $17 million to the Canada and Quebec pension plans the same as in the previous year.

TABLE 42

(in millions of dollars)

TREASURY BOARD	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Public service superannuation account—			
Government's contribution	66.0	59.6	6.4
Amortization of deferred charges	84.0	60.6	23.4
	150.0	*120.2*	*29.8*
Contingency for salary revisions	111.0		111.0
Government's contributions as an employer—			
Canada pension plan and the Quebec pension plan	17.4	17.3	0.1
Unemployment insurance fund	1.6	1.4	0.2
Death benefit account	1.7	1.7	
Pension plans for employees engaged locally outside Canada	0.1	0.2	−0.1
Hospital insurance (outside Canada) plan	0.4	0.3	0.1
	21.2	*20.9*	*0.3*
Government's share of surgical-medical insurance premiums	13.5	11.2	2.3
Payments under Public Service Pension Adjustment Act	1.8	1.9	−0.1
Administration and general	8.3	4.4	3.9
	305.8	158.6	147.2
National Research Council—			
Scholarships and grants in aid of research	61.7	45.5	16.2
Construction or acquisition of buildings, works, land and equipment	5.4	9.3	−3.9
Assistance towards research in industry	6.1	5.0	1.1
Administration, operation and maintenance	44.0	40.9	3.1
	117.2	*100.7*	*16.5*
	423.0	259.3	163.7

National Research Council

Expenditures of the National Research Council, excluding the Medical Research Council which is now reported under the Department of National Health and Welfare, amounted to $117 million compared with $101 million in 1967-68.

Outlays for scholarships and grants in aid of research at $62 million were $16 million higher than in the previous year and costs of administration, operation and maintenance at $44 million were $3 million higher than in 1967-68. These increases were partly offset by the reduction of $4 million in expenditures for construction or acquisition of buildings, works, land and equipment which were $5 million compared with $9 million in 1967-68.

Veterans Affairs

Expenditures of the Department of Veterans Affairs totalled $427 million compared with $401 million in the previous fiscal year.

War veterans allowances and civilian allowances at $95 million were $3 million less than in 1967-68, pensions for disability and death at $223 million were $17 million higher and costs of $72 million for treatment services were approximately $11 million higher than in the previous fiscal year.

TABLE 43
(in millions of dollars)

Veterans Affairs	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Pensions—			
Disability and death	223.0	205.6	17.4
Administration and general	3.0	3.1	−0.1
	226.0	*208.7*	*17.3*
Welfare services, allowances and other benefits—			
War veterans allowances and civilian allowances	95.5	98.4	−2.9
Assistance under provisions of the Assistance Fund (War Veterans Allowances) Regulations	6.5	6.4	0.1
Other benefits	6.0	2.6	3.4
Administration and general	4.7	6.8	−2.1
	112.7	*114.2*	*−1.5*
Treatment services	71.8	61.4	10.4
Soldier settlement and veterans land act—			
Provision for reserve for conditional benefits	4.3	4.0	0.3
Administration and general	5.3	5.5	−0.2
	9.6	*9.5*	*0.1*
Administration and general	6.9	7.0	−0.1
	427.0	400.8	26.2

ASSET AND LIABILITY ACCOUNTS

The assets and liabilities of the Government of Canada as at March 31, 1969, the comparable balances at March 31, 1968 and the changes in each category during 1968-69 are shown in condensed form in the following table:

TABLE 44

(in millions of dollars)

—	Balance at March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Liabilities			
Current and demand liabilities	2,158.8	2,310.6	−151.8
Deposit and trust accounts	513.4	440.9	72.5
Annuity, insurance and pension accounts	10,517.2	9,053.0	1,464.2
Undisbursed balances of appropriations to special accounts	225.3	124.8	100.5
Refundable corporation tax	139.5	235.3	−95.8
Provision for estimated premium on redemption of bonds	12.4	26.0	−13.6
Deferred credits	180.4	149.9	30.5
Suspense accounts	4.0	3.8	0.2
Unmatured debt	22,101.0	20,579.9	1,521.1
Total liabilities	35,852.0	32,924.2	2,927.8
Assets			
Current assets	1,116.3	1,530.7	−414.4
Cash in blocked currency	1.9	2.1	−0.2
Advances to the exchange fund account	2,867.0	2,033.3	833.7
Investments in United States dollar securities issued by other than the Government of Canada	90.3	122.6	−32.3
Canada pension plan investment fund	2,023.0	1,280.8	742.2
Investments held for the retirement of unmatured debt	6.0	8.1	−2.1
Loans to, and investments in, Crown corporations	8,767.7	7,935.6	832.1
Loans to national governments	1,269.1	1,206.1	63.0
Other loans and investments	2,110.4	1,945.2	165.2
Securities held in trust	112.6	59.5	53.1
Deferred charges	613.5	492.0	121.5
Capital assets	(1)	(1)	
Inactive loans and investments	94.8	94.8	
Total recorded assets	19,072.6	16,710.8	2,361.8
Less reserve for losses on realization of assets	−546.4	−546.4	
Net recorded assets	18,526.2	16,164.4	2,361.8
Net debt represented by excess of liabilities over net recorded assets	17,325.8	16,759.8	(2)566.0

(1) Shown at nominal value of $1.

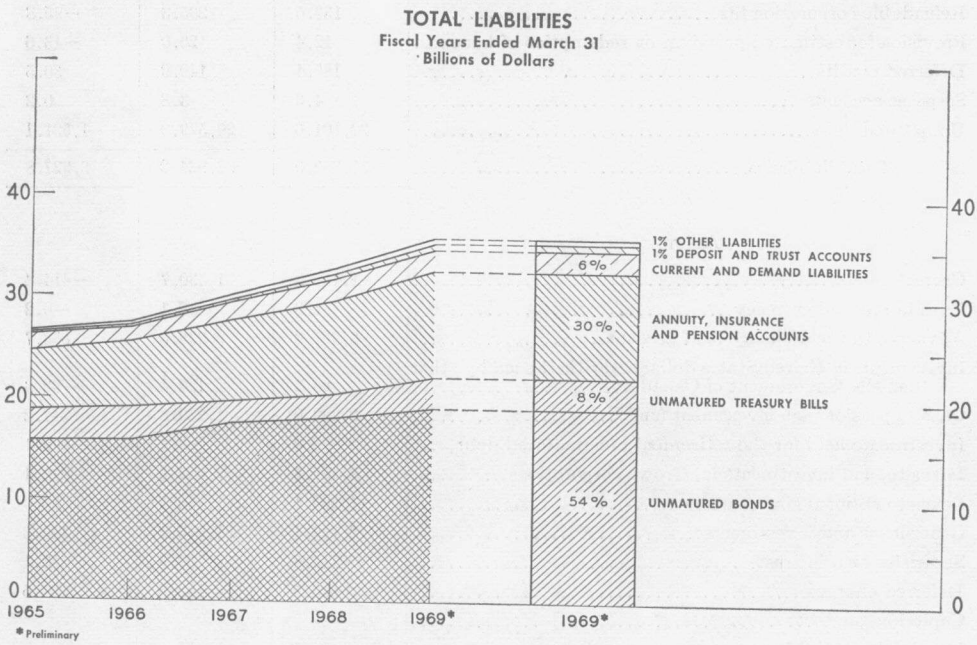
(2) Reflecting the budgetary deficit of $566 million.

Summary

The gross liabilities of the government amounted to $35,852 million as at March 31, 1969 compared with $32,924 million at March 31, 1968. The main changes were increases of $1,464 million in annuity, insurance and pension accounts, $1,521 million in unmatured debt and $101 million in undisbursed balances and decreases of $152 million in current and demand liabilities and $96 million in refundable corporation tax.

Net recorded assets totalled $18,526 million as at March 31, 1969 compared with $16,164 million at March 31, 1968. The main changes were increases of $834 million in the exchange fund account, $742 million in the Canada pension plan investment fund, $832 million in loans to, and investments in, Crown corporations, $165 million in other loans and investments and $122 million in deferred charges, and a decrease of $414 million in current assets.

The net debt of Canada, or the excess of liabilities over net recorded assets, was $17,326 million, $566 million higher than the net debt of $16,760 million at March 31, 1968, reflecting the 1968-69 budgetary deficit of $566 million.



Liability Accounts

Current and demand liabilities

These liabilities, which consist of obligations of the government payable currently or on demand, in the amount of $2,159 million were $152 million less than the total at March 31, 1968.

The main changes were decreases of $216 million in non-interest-bearing notes and $120 million in accounts payable and increases of $84 million in outstanding treasury cheques and $71 million in interest accrued.

Non-interest-bearing notes represent those portions of Canada's equities in the capital of certain international agencies which are not covered by cash or gold. Notes in respect of the international monetary fund decreased by $239 million and notes in respect of the international development association increased by $22 million in 1968-69.

TABLE 45

(in millions of dollars)

Current and Demand Liabilities	Balance at March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Outstanding treasury cheques	511.0	427.4	83.6
Accounts payable	400.0	520.2	−120.2
Non-interest-bearing notes payable to—			
The international monetary fund	552.0	791.0	−239.0
The international development association	45.0	23.0	22.0
The Asian development bank	4.0	2.7	1.3
	601.0	*816.7*	*−215.7*
Matured debt outstanding	32.8	26.0	6.8
Interest due and outstanding	163.0	161.6	1.4
Interest accrued	386.0	315.3	70.7
Post office outstanding money orders	54.0	34.9	19.1
Outstanding letter of credit cheques	8.0	6.1	1.9
Other current liabilities	3.0	2.4	0.6
	2,158.8	2,310.6	−151.8

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.

There was a net increase of $73 million during 1968-69 bringing the total to $513 million at March 31, 1969. Increases of $42 million in the provincial tax collection agreements account and $55 million in guarantee deposits were partly offset by decreases of $18 million in the Canadian Commercial Corporation special deposit account, $11 million in the post office savings bank account and $7 million in Crown corporations deposits.

TABLE 46

(in millions of dollars)

Deposit and Trust Accounts	Balance at March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Indian trust funds	36.0	34.0	2.0
Guarantee deposits	104.0	49.3	54.7
Post office savings bank	8.0	18.6	−10.6
Crown corporations deposits	16.3	23.7	− 7.4
Canadian Pension Commission—administration trust fund	17.5	16.6	0.9
National Harbours Board—special accounts	15.0	16.8	− 1.8
Instalment purchase of bonds—public service	16.0	16.2	− 0.2
Contractors holdbacks	15.0	14.9	0.1
Contractors securities—sundry departments	4.0	4.2	− 0.2
Canadian Commercial Corporation—special deposit	20.1	38.2	−18.1
Canadian Dairy Commission	24.1	25.2	−1.1
Prairie farm emergency fund	16.1	13.0	3.1
Provincial tax collection agreements account	162.0	120.2	41.8
Other	59.3	50.0	9.3
	513.4	440.9	72.5

Annuity, insurance and pension accounts

This category records the government's liability in respect of various annuity, insurance and pension accounts.

During 1968-69 there was an increase of $1,464 million bringing the total to $10,517 million as at March 31, 1969. The main changes were increases of $298 million in the public service superannuation account, $301 million in the Canadian forces superannuation account, $755 million in the Canada pension plan account and $76 million in the old age security fund.

TABLE 47

(in millions of dollars)

Annuity, Insurance and Pension Accounts	Balance at March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Unemployment insurance fund	404.0	320.3	83.7
Less investments in bonds and accrued interest	−388.0	−303.9	−84.1
Uninvested funds on deposit with the government	16.0	16.4	−0.4
Superannuation accounts—			
Public service	3,174.2	2,875.8	298.4
Canadian forces	3,024.0	2,723.3	300.7
Royal Canadian Mounted Police	131.0	104.7	26.3
	6,329.2	*5,703.8*	*625.4*
Canada pension plan account	2,108.0	1,352.8	755.2
Government annuities	1,324.0	1,326.1	−2.1
Old age security fund	612.1	536.1	76.0
Other	127.9	117.8	10.1
	10,517.2	9,053.0	1,464.2

Unemployment insurance fund

The balance in the fund at March 31, 1969 was $404 million (of which $20 million represented a liability for unredeemed warrants and deposits from employers) consisting of $388 million invested in special government bonds (including accrued interest) and $16 million on deposit with the Receiver General. The balance in the fund at March 31, 1968 was $320 million (of which $18 million represented a liability for unredeemed warrants and deposits from employers) consisting of $304 million invested in special government bonds (including accrued interest) and $16 million on deposit with the government.

Receipts of $544 million during the fiscal year included employee and employer contributions of $440 million, the government's contribution of $86 million and $18 million in interest from investments. As benefit payments totalled $463 million, receipts exceeded payments from the fund by $81 million during 1968-69. Receipts during 1967-68 totalled $433 million and included employee and employer contributions of $347 million, the government's contribution of $70 million and $16 million in income from investments. Benefit payments during 1967-68 totalled $389 million.

TABLE 48

(in millions of dollars)

UNEMPLOYMENT INSURANCE FUND	Fiscal year ended March 31				
	1965	1966	1967	1968	1969 (preliminary)
Revenue—					
Contributions—					
Employee and employer[1]	310.8	328.3	343.8	347.4	440.0
Government[2]	62.1	65.7	68.8	69.5	86.0
Net income from investments	1.8	4.7	10.9	15.9	17.7
Other income	0.1	0.1	0.2	0.2	0.2
	374.8	398.8	423.7	433.0	543.9
Expenditure—					
Benefit payments	−335.0	−297.8	−307.0	−388.6	−462.6
Interest on loan	−0.2				
Excess of revenue over expenditure or expenditure over revenue (−)	39.6	101.0	116.7	44.4	81.3
Balance at credit of fund at fiscal year-end	40.5	141.5	258.2	302.7	384.0
Unredeemed benefit warrants and deposits from employers	17.8	20.6	22.2	17.6	20.0
	58.3	162.1	280.4	320.3	404.0
Investment in bonds and accrued interest	−44.0	−148.6	−266.6	−303.9	−388.0
Balance on deposit with the government	14.3	13.5	13.8	16.4	16.0

(1) Contributions by employees and employers are on an equal basis.
(2) Government's contribution is equal to 20 per cent of the combined employee-employer contributions.

Public service superannuation account

The balance of $3,174 million in this account was $298 million higher than the balance at the end of the previous fiscal year.

Receipts of $385 million during the year included credits of $121 million to provide for additional liabilities arising out of salary revisions made in 1968-69, contributions of $72 million by individuals, the government's contribution of $66 million, contributions of $6 million by certain Crown corporations and interest of $118 million credited to the account by the government. Contributions by the government and contributions by Crown corporations are equal to the estimated current and prior service payments of individuals in 1967-68. Interest at 4 per cent per annum is credited to the account quarterly and is computed quarterly on the outstanding balance at the end of the previous quarter.

The credit of $121 million to provide for additional liabilities arising out of salary increases was charged to the asset account "unamortized portions of actuarial deficiencies".

Disbursements amounted to $87 million and included $70 million in annuities and $11 million in withdrawals of contributions.

In 1967-68 receipts totalled $270 million and disbursements totalled $84 million.

TABLE 49

(in millions of dollars)

Public Service Superannuation Account	Fiscal year ended March 31				
	1965	1966	1967	1968	1969 (preliminary)
Receipts—					
Contributions—					
Employees—					
Government	57.7	(1)63.4	(2)55.5	66.0	66.0
Crown corporations	4.1	3.3	3.8	5.2	6.0
	61.8	*66.7*	*59.3*	*71.2*	*72.0*
Crown corporations	3.4	3.7	3.8	5.0	5.5
Government	55.6	57.8	59.3	59.6	66.0
Interest	78.7	89.5	98.5	110.9	117.9
Actuarial liability	169.5	79.6	152.2	21.5	121.0
Other	0.6	1.2	0.9	2.2	2.5
	369.6	298.5	374.0	270.4	384.9
Disbursements—					
Annuities	−52.6	−57.7	−62.8	−68.2	−70.0
Withdrawals of contributions	−10.8	−11.3	−11.1	−10.8	−11.0
Other	−0.8	−0.9	−1.0	−5.1	−5.5
	−64.2	−69.9	−74.9	−84.1	−86.5
Excess of receipts over disbursements	305.4	228.6	299.1	186.3	298.4
Balance in fund brought forward	1,856.4	2,161.8	2,390.4	2,689.5	2,875.8
Balance at credit of fund	2,161.8	2,390.4	2,689.5	2,875.8	3,174.2

(1)The 1966 figure includes $4.1 million due to dual contributions temporarily required in respect of the Canada and Quebec pension plans.

(2)Net after deduction of $4.1 million referred to in footnote (1).

Canadian forces superannuation account

The balance of $3,024 million at March 31, 1969 reflected an increase of $301 million during the fiscal year.

Receipts of $366 million included $35 million in contributions by personnel, $57 million in regular government contributions, $112 million in interest credited by the government and $160 million credited to the account to provide for additional liabilities arising out of salary increases in 1968-69. Regular government contributions were made at the rate of one and two-thirds times the current and prior service contributions by personnel. Interest at 4 per cent per annum is credited to the account quarterly and is computed quarterly on the outstanding balance at the end of the previous quarter.

Disbursements of $65 million included $58 million in pensions and retiring allowances and $7 million in cash termination allowances and return of contributions.

In 1967-68 receipts were $198 million and disbursements were $52 million.

TABLE 50

(in millions of dollars)

Canadian Forces Superannuation Account	Fiscal year ended March 31				
	1965	1966	1967	1968	1969 (preliminary)
Receipts—					
Contributions—					
Personnel	35.2	(1)34.1	(2)25.1	33.1	35.0
Government	58.8	58.8	42.6	58.4	57.0
Interest	75.0	83.2	91.7	105.2	112.2
Actuarial liability adjustment	67.2	16.6	279.2		159.6
Other	0.2	0.3	0.3	1.4	1.8
	236.4	193.0	438.9	198.1	365.6
Disbursements—					
Pensions and retiring allowances	−18.6	−26.7	−36.8	−45.7	−58.1
Cash termination allowances and return of contributions	−11.0	−10.1	−9.2	−6.0	−6.5
Other	−0.2	−0.1	−0.1	−0.1	−0.3
	−29.8	−36.9	−46.1	−51.8	−64.9
Excess of receipts over disbursements	206.6	156.1	392.8	146.3	300.7
Balance in fund brought forward	1,821.5	2,028.1	2,184.2	2,577.0	2,723.3
Balance at credit of fund	2,028.1	2,184.2	2,577.0	2,723.3	3,024.0

(1) Includes $2.1 million due to dual contributions temporarily required in respect of the Canada and Quebec pension plans.
(2) Net after deduction of $2.1 million referred to in footnote(1).

Royal Canadian Mounted Police superannuation account

The balance of $131 million in this account as at March 31, 1969 was $26 million more than the previous fiscal year-end balance of $105 million.

Receipts during the year of $28 million consisted of $4 million in contributions by personnel, $4 million in interest credited to the account, $7 million in contributions by the government and $13 million to provide for additional liabilities arising out of salary increases in 1968-69.

Disbursements of $2 million consisted of annuities and allowances, cash termination allowances and return of contributions.

In 1967-68 receipts were $21 million and disbursements were $1 million.

TABLE 51
(in millions of dollars)

Royal Canadian Mounted Police Superannuation Account	Fiscal year ended March 31				
	1965	1966	1967	1968	1969 (preliminary)
Receipts—					
Contributions—					
Personnel	2.1	(1)2.2	(2)2.2	2.8	3.8
Government	3.2	3.9	4.5	4.2	6.6
Interest	1.9	2.4	2.9	3.5	4.6
Actuarial liability	5.2		11.1	10.1	12.7
	12.4	8.5	20.7	20.6	27.7
Disbursements—					
Annuities and allowances	−0.4	−0.5	−0.7	−0.8	−1.0
Cash termination allowances and return of contributions	−0.3	−0.3	−0.3	−0.2	−0.4
	−0.7	−0.8	−1.0	−1.0	−1.4
Excess of receipts over disbursements	11.7	7.7	19.7	19.6	26.3
Balance in fund brought forward	46.0	57.7	65.4	85.1	104.7
Balance at credit of fund	57.7	65.4	85.1	104.7	131.0

(1) Includes $0.2 million due to dual contributions temporarily required in respect of the Canada and Quebec pension plans.
(2) Net after deduction of $0.2 million referred to in footnote(1).

Canada pension plan account

The balance of $2,108 million at March 31, 1969 was $755 million higher than the balance at March 31, 1968.

Credits to the account of $786 million included $698 million in contributions under the act, $85 million in interest from investments and $2 million in interest on the operating balance in the account on deposit with the Receiver General. Charges to the account were $31 million of which $15 million was administrative costs.

The amount by which the operating balance of the Canada pension plan account in any month exceeds the estimated amount required to meet all payments in the following three-month period is available for the purchase of securities of participating provinces. Securities of Canada shall be purchased with the excess remaining after purchasing securities of each province as required.

During the year, securities totalling $742 million were purchased bringing the balance at March 31, 1969 to $2,023 million of which $2,012 million was provincial bonds and $11 million was federal bonds. These are recorded in the asset account "Canada pension plan investment fund".

TABLE 52

(in millions of dollars)

Canada Pension Plan Account	Fiscal year ended March 31			
	1966	1967	1968	1969 (preliminary)
Receipts—				
Contributions	94.9	587.2	640.2	698.0
Interest on investments		11.0	42.2	84.9
Interest on operating balance	(1)	1.1	1.4	2.4
Other		0.6	0.9	0.6
	94.9	599.9	684.7	785.9
Payments—				
Administrative expenses	−5.5	−8.3	−11.5	−15.2
Benefit payments		−0.1	−1.3	−15.5
	−5.5	−8.4	−12.8	−30.7
Excess of receipts over payments	89.4	591.5	671.9	755.2
Balance in fund brought forward		89.4	680.9	1,352.8
Balance at credit of fund	89.4	680.9	1,352.8	2,108.0
Less investment in securities held in the Canada pension plan investment fund	−34.8	−615.5	−1,280.8	−2,023.0
Operating balance on deposit with the government	54.6	65.4	72.0	85.0

(1) Less than $50,000.

Government annuities account

The balance in this account of $1,324 million was $2 million less than the balance at March 31, 1968. Receipts of $65 million included $15 million from premiums and $50 million in interest from the government. Disbursements of $67 million consisted mainly of vested annuity and commuted value payments and refunds of premiums. In 1967-68 receipts amounted to $70 million and disbursements were $68 million.

Old age security fund

The Old Age Security Act, 1951 directed that this fund be established and that credits to the fund should consist of a 2 per cent sales tax, a 2 per cent tax (maximum tax $60) on individual incomes and a 2 per cent tax on corporation incomes, and that pension payments of $40 per month be paid to all eligible persons over 70 years of age. Payments were effective from January 1952.

Amendments to the act have increased these tax rates: on individual incomes to 4 per cent effective January 1, 1964 (maximum tax $120 increased to $240 effective January 1, 1967); on corporation incomes to 3 per cent effective January 1, 1959; and on sales to 3 per cent effective April 10, 1959.

Pension rates also have been increased to $75 per month effective October 1, 1963 and to $76.50 per month effective January 1, 1968 and to $78 per month effective January 1, 1969 by amendments to the act.

The act was further amended to authorize pension payments effective January 1966 to all persons who satisfied the residence requirements of the act and who had attained the age of 69 years on or before January 1, 1966; the age limit being reduced by one year on January 1st of each subsequent year until 1970. A further amendment to the act in 1966-67 authorized the payment of a monthly guaranteed supplement to eligible pensioners of $30 per month in 1967 and, in any year thereafter, 40 per cent of the amount of the pension that may be paid to him dependent upon the amount of his income for the preceding year.

During 1968-69 receipts of $1,620 million exceeded pension payments of $1,544 million by $76 million, bringing the balance in the fund to $612 million at March 31, 1969. Receipts consisted of $522 million from the sales tax, $915 million from the tax on personal incomes and $183 million from the tax on corporation profits.

In 1967-68 receipts of $1,495 million exceeded pension payments of $1,388 million by $107 million resulting in a balance of $536 million at March 31, 1968.

TABLE 53

(in millions of dollars)

Old Age Security Fund	Fiscal year ended March 31				
	1965	1966	1967	1968	1969 (preliminary)
Tax receipts—					
Sales tax	383.2	522.1	559.5	544.5	522.0
Personal income tax	431.9	494.9	576.6	800.1	915.0
Corporation income tax	145.2	152.3	149.5	150.0	183.0
Total tax receipts	960.3	1,169.3	1,285.6	1,494.6	1,620.0
Pension payments	−885.3	−927.3	−1,073.0	−1,388.1	−1,544.0
Excess of receipts over payments	75.0	242.0	212.6	106.5	76.0
Temporary loans brought forward	−100.0	−25.0			
Balance in fund brought forward			217.0	429.6	536.1
Temporary loans by the Minister of Finance to cover deficit in fund	25.0				
Balance in fund		217.0	429.6	536.1	612.1

A distribution by provinces of pension payments from the old age security fund is shown in the following table:

TABLE 54

(in millions of dollars)

Old Age Security Payments	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Newfoundland	32.3	28.8	3.5
Nova Scotia	69.3	63.5	5.8
Prince Edward Island	12.6	11.5	1.1
New Brunswick	52.1	47.4	4.7
Quebec	363.0	321.9	41.1
Ontario	553.0	496.9	56.1
Manitoba	88.5	80.4	8.1
Saskatchewan	87.1	79.6	7.5
Alberta	104.1	93.4	10.7
British Columbia	180.5	163.5	17.0
Northwest and Yukon Territories	1.5	1.2	0.3
	1,544.0	1,388.1	155.9

Undisbursed balances of appropriations to special accounts

This category records the undisbursed balances of appropriations to special accounts from which disbursements may be made for authorized purposes. They fall into two classes. The first of these, comprising the majority of the accounts, consists of those cases where Parliament has appropriated moneys for specific purposes. The other class consists of accounts to which is credited moneys received from the sale of materials, supplies, equipment, land, works and buildings and which are available for purposes of the Department of National Defence. The balance of $225 million was $101 million more than the balance at March 31, 1968.

The balance of $87 million in the international assistance account was $22 million more than the balance at March 31, 1968. Disbursements of $41 million from the fund were more than offset by a credit of $63 million, which amount was charged to budgetary expenditure of the Department of External Affairs.

Surplus Crown assets account was established by authority of vote 48 of the Department of National Defence 1965-66 estimates and is credited with all revenue received from the sale of surplus materials, supplies and equipment, and from the sale of surplus buildings, works and land. The account is debited with expenditures, subject to the approval of Treasury Board, for any of the purposes of the Department of National Defence. The balance in the account as at March 31, 1969 was $13 million reflecting a decrease of $18 million from the previous year's balance of $31 million.

The balance of $2 million in the area development account was $9 million less than at March 31, 1968 due to credits of $17 million which were charged to budgetary expenditures of the Department of Industry being more than offset by disbursements of $26 million. In 1967-68 $26 million was credited to the account and disbursements were $15 million resulting in a balance of $11 million at March 31, 1968.

TABLE 55

(in millions of dollars)

Undisbursed Balances of Appropriations to Special Accounts	Balance at March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Contingency for salary revisions	111.0		111.0
International assistance account	87.0	64.8	22.2
Surplus Crown assets	13.1	31.1	−18.0
Area development account	2.4	11.0	−8.6
Railway grade crossing fund	8.5	9.5	−1.0
Centennial of confederation fund	2.3	7.3	−5.0
Other	1.0	1.1	−0.1
	225.3	124.8	100.5

The balance of $9 million in the railway grade crossing fund was $1 million less than the balance at the previous fiscal year-end. Credits to the fund amounted to $10 million (charged to budgetary expenditure of the Department of Transport) and disbursements from the fund were $11 million.

The balance of $2 million in the centennial of confederation fund was $5 million less than the balance at March 31, 1968. No credits were made to the account in 1968-69.

The contingency for salary revisions account was set up to record moneys charged to 1968-69 appropriations for salary increases.

Refundable corporation tax

This account records the refundable corporation tax on cash profits of businesses, and is payable by all corporations not exempt from tax under section 62 of the Income Tax Act and by certain types of trusts on specified types of income. During the year there was a net amount of $96 million refunded to corporations, bringing the balance to $140 million at March 31, 1969.

Provision for estimated premium on redemption of bonds

This records the estimated amount of $12 million for the prorated provision to March 31, 1969 for the premium due at maturity on the then outstanding 1959 series of Canada savings bonds and for the prorated provision to March 31, 1969 for the special compound interest feature applicable to the 1966, 1967 and 1968 series of Canada savings bonds.

Deferred credits

Recorded in these accounts are amounts due the government in respect of which payment is 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 of $180 million was $30 million more than the balance at March 31, 1968.

Also included in this category are premiums, received on the issue of Government of Canada bonds, which are being credited to interest on public debt on a monthly amortization basis.

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 $12 million bringing the balance at March 31, 1969 to $67 million.

Deferred interest in respect of the loan under the United Kingdom Financial Agreement Act, 1946, which is a contra account to a corresponding item in "loans to national governments" increased by $18 million as a result of the deferment of the interest due on December 31, 1968 bringing the balance to $101 million at March 31, 1969.

The government equity in the agency account of Crown assets disposal corporation is a contra account to a corresponding asset account under "other loans and investments". The balance of $8 million was $1 million more than the total at March 31, 1968.

TABLE 56

(in millions of dollars)

Deferred Credits	Balance at March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Deferred interest—			
Atomic Energy of Canada Limited	0.1	0.1	
Northern Canada Power Commission	3.9	3.9	
The St. Lawrence Seaway Authority	66.5	54.5	12.0
United Kingdom Financial Agreement Act, 1946	101.1	83.0	18.1
	171.6	*141.5*	*30.1*
Balances receivable under agreements of sale of Crown assets	0.3	0.3	
Crown Assets Disposal Corporation—government equity	8.0	7.3	0.7
Unamortized premium on loans	0.5	0.8	−0.3
	180.4	149.9	30.5

Suspense accounts

These consist of balances where some uncertainty as to disposition exists.

The balance at March 31, 1969 was $4 million, slightly more than at the previous fiscal year-end.

Unmatured debt

The unmatured debt of Canada in the amount of $22,101 million was $1,521 million more than the previous fiscal year-end total. Obligations payable in Canada were $21,658 million, those payable in New York were $267 million, those payable in Germany were $68 million and those payable in Italy were $108 million. Comparative obligations in 1967-68 were $20,420 million for Canadian issues and $160 million for New York issues.

Details of the various loan issues, maturities, cancellations and redemptions resulting in the net increase are described more fully in the section "The Public Debt".

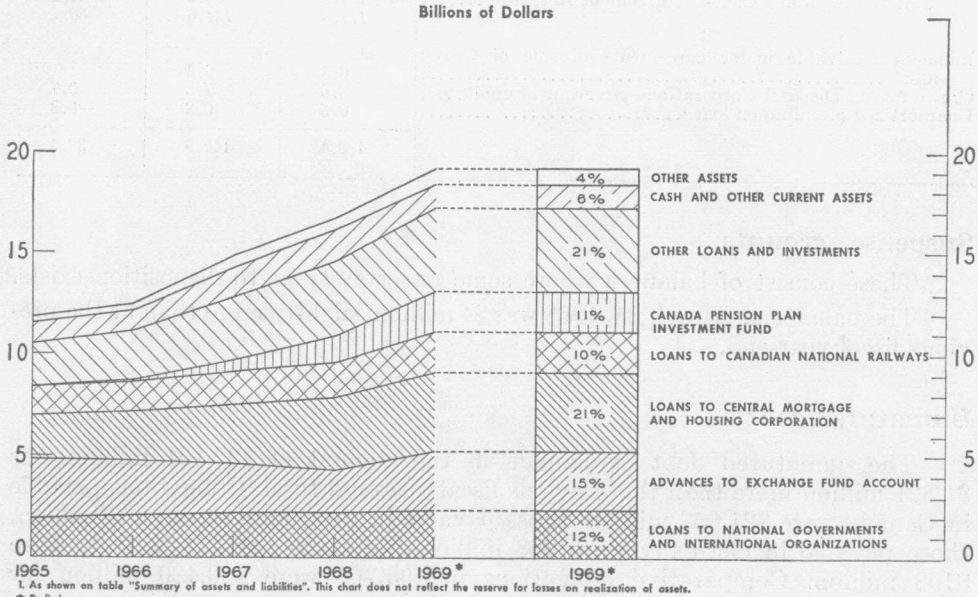
TABLE 57

(in millions of dollars)

UNMATURED DEBT	Balance at March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Payable in Canada—			
Marketable bonds	12,263.0	11,541.3	721.7
Non-marketable bonds—			
Canada savings bonds	6,168.3	6,096.5	71.8
Canada pension plan	11.3	5.7	5.6
Unemployment Insurance Commission	376.0	296.0	80.0
	18,818.6	*17,939.5*	*879.1*
Treasury bills	2,840.0	2,480.0	360.0
	21,658.6	20,419.5	1,239.1
Payable in New York (1) (2)	266.7	160.4	106.3
Payable in Germany (1) (2)	67.6		67.6
Payable in Italy (1) (2)	108.1		108.1
	22,101.0	20,579.9	1,521.1

(1) Marketable bonds.
(2) Converted at the official parity rates.

TOTAL ASSETS[1]
Fiscal Years Ended March 31
Billions of Dollars



1. As shown on table "Summary of assets and liabilities". This chart does not reflect the reserve for losses on realization of assets.
* Preliminary

ASSET ACCOUNTS

Current assets

These accounts consist of various cash accounts, working capital advances and the securities investment account.

Total current assets at $1,116 million were $414 million less than at March 31, 1968. The main change was a decrease of $416 million in cash in current deposits.

The defence production revolving fund records the cost of materials procured for use in the manufacture of defence equipment until such time as they are billed to the Department of National Defence or sold to defence contractors for use in the manufacture of defence equipment, as well as working capital loans and advances for their production. During 1968-69 sales exceeded purchases by $2 million bringing the balance in the account to $37 million at March 31, 1969.

The stockpiling of uranium concentrates account records the acquisition of uranium concentrates in accordance with contracts entered into with the approval of the Governor in Council by the Eldorado Nuclear Limited on behalf of Her Majesty in right of Canada with certain mining companies. The balance at March 31, 1969 was $86 million, $11 million higher than the balance at the previous year-end.

TABLE 58

(in millions of dollars)

CURRENT ASSETS	Balance at March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Cash accounts—			
Cash in current deposits[1]	599.0	1,014.8	−415.8
Cash in special deposits	1.3	1.3	
Cash in hands of collectors and in transit	250.0	244.3	5.7
Indian agencies revenue trust bank accounts	0.3	0.3	
Moneys received after March 31 but applicable to the current year	24.6	20.4	4.2
Post office—cash on hand and in transit	15.0	18.7	−3.7
	890.2	1,299.8	−409.6
Departmental working capital advances—			
Agricultural commodities stabilization account	0.8	1.4	−0.6
Defence production revolving fund	37.0	39.0	−2.0
Miscellaneous departmental imprest and standing advances	12.9	12.9	
Miscellaneous departmental accountable advances	14.2	14.2	
Royal Canadian Mint	3.6	15.6	−12.0
Stockpiling of uranium concentrates	86.0	74.9	11.1
Transport stores account	12.4	11.4	1.0
Other	14.8	17.1	−2.3
	181.7	186.5	−4.8
Securities investment account	44.4	44.4	
	1,116.3	1,530.7	−414.4

[1] Receiver General year-end balances in London, New York, Paris, Brussels and Bonn are at the Canadian dollar equivalent of exchange rates at March 31.

Cash in blocked currency

The balance in this account was $2 million, approximately $200 thousand less than at March 31, 1968.

Notes of Industrias Forestales, S.A. and Compania Manufacturera de Papeles y Cartones, S.A., held by the Export Credits Insurance Corporation, and which were due in 1965 and 1966, could not be paid in accordance with their terms because the Chilean Government was unable to make available the necessary Canadian currency. An alternate scheme was devised whereby the debtors could make their payments on the notes.

The Export Credits Insurance Corporation received the payments in Chile in Canadian dollars and the amount upon receipt was paid to the Receiver General of Canada into a blocked account established by the Receiver General with the Central Bank of Chile, the Government of Chile to pay in Canadian dollars interest at 6 per cent per annum on the sums held in this account directly to the Receiver General of Canada in Ottawa.

The Government of Chile agreed to the withdrawal of 20 per cent of the deposits made to the account in 1965 in each of the years 1968 to 1972 and 20 per cent of the deposits made to the account in 1966 in each of the years 1969 to 1973.

Advances to the exchange fund account

Advances during the year to finance the purchase of gold and foreign exchange amounted to $2,518 million and repayments were $1,684 million, resulting in a net increase of $834 million bringing the outstanding advances to $2,867 million at March 31, 1969.

During 1967-68 advances of $1,508 million and repayments of $1,830 million resulted in a balance of $2,033 million at March 31, 1968.

Investments in United States dollar securities issued by other than the Government of Canada

This account records the special securities issued by the Government of the United States of America and purchased by Canada pursuant to agreements made to carry out the Columbia River Treaty between the Government of the United States and the Government of Canada. During 1968-69 securities in the amount of $32 million were redeemed leaving a balance of $90 million in the account at March 31, 1969.

Canada pension plan investment fund

The Canada pension plan investment fund records securities purchased under the Canada Pension Plan Act and the sale of these securities. The amount by which the operating balance of the Canada pension plan account in any month exceeds the estimated amount required to meet all payments in the following three-month period is available for the purchase of securities of participating provinces. Securities of Canada shall be purchased with the excess remaining after purchasing securities of each province as required. The holdings in the account at March 31, 1969 were $2,023 million of which $11 million was in federal government securities.

TABLE 59

(in millions of dollars)

Canada Pension Plan Investment Fund	Balance at March 31		Increase or decrease (—)
	1969 (preliminary)	1968	
Securities of—			
Newfoundland	37.9	23.7	14.2
Nova Scotia	77.1	47.9	29.2
Prince Edward Island	7.2	4.3	2.9
New Brunswick	58.8	37.0	21.8
Quebec	4.6	2.2	2.4
Ontario	1,140.6	728.6	412.0
Manitoba	118.7	76.4	42.3
Saskatchewan	91.5	55.6	35.9
Alberta	181.7	113.3	68.4
British Columbia	293.6	186.1	107.5
Government of Canada	11.3	5.7	5.6
	2,023.0	1,280.8	742.2

Investments held for retirement of unmatured debt

Recorded herein is $6 million of the 5½ per cent loan issued August 1, 1962 and maturing August 1, 1980.

Loans to, and investments in, Crown corporations

Loans and investments in this category totalled $8,768 million, an increase of $832 million over the total at March 31, 1968.

Atomic Energy of Canada Limited

There was a balance of $208 million in this account at March 31, 1969 consisting of an investment of $15 million by the government in capital stock and loans of $193 million of which $70 million was in respect of the Douglas Point generating station. Comparable amounts at March 31, 1968 were $139 million consisting of $15 million in capital stock and loans of $124 million of which $70 million was in respect of the Douglas Point generating station.

Canada Deposit Insurance Corporation

The Crown's investment in the corporation amounted to $23 million at March 31, 1969, of which $10 million was in capital stock and $13 million in respect of loans. In 1967-68 capital stock amounted to $10 million and loans were $19 million.

Canadian Broadcasting Corporation

There was no change in the advances for working capital during 1968-69, the balance remaining at $9 million at March 31, 1969. Advances to the corporation for the purpose of capital expenditure amounted to $22 million during the year, bringing the total of advances to $96 million at March 31, 1969. Recovery of these advances is likely to require parliamentary appropriations in subsequent fiscal years.

TABLE 60

(in millions of dollars)

Loans to, and Investments in, Crown Corporations	Balance at March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Atomic Energy of Canada Limited	207.5	138.9	68.6
Bank of Canada	5.9	5.9	
Canada Deposit Insurance Corporation	23.5	29.4	−5.9
Canadian Arsenals Limited	5.0	5.0	
Canadian Broadcasting Corporation	9.0	9.0	
Canadian Commercial Corporation	15.5	16.5	−1.0
Canadian Dairy Commission	42.0	22.2	19.8
Canadian National Railways	1,982.2	1,777.1	205.1
Air Canada	3.3	8.0	−4.7
	1,985.5	*1,785.1*	*200.4*
Canadian Overseas Telecommunication Corporation	49.3	52.4	−3.1
Cape Breton Development Corporation	10.0	5.2	4.8
Central Mortgage and Housing Corporation	3,962.1	3,575.4	386.7
Eldorado Nuclear Limited	8.2	8.2	
Export Credits Insurance Corporation	233.0	199.1	33.9
Farm Credit Corporation	1,049.9	921.7	128.2
National Capital Commission—excluding Greenbelt	28.2	37.4	−9.2
National Harbours Board	260.7	250.1	10.6
Northern Canada Power Commission	42.1	33.6	8.5
Polymer Corporation Limited	30.0	30.0	
The St. Lawrence Seaway Authority—			
Loans	379.5	362.9	16.6
Deferred interest	66.5	54.5	12.0
Interest-free loans	75.0	75.0	
	521.0	*492.4*	*28.6*
Recovery likely to require parliamentary appropriations—			
Canadian Broadcasting Corporation	96.1	74.1	22.0
Canadian Corporation for the 1967 World Exhibition	148.0	205.0	−57.0
National Capital Commission—Greenbelt	34.0	37.7	−3.7
	278.1	*316.8*	*−38.7*
Other Crown Corporations	1.2	1.3	−0.1
	8,767.7	7,935.6	832.1

Canadian Corporation for the 1967 World Exhibition

This account records the purchase by the government of securities issued by the corporation in accordance with the Canadian Corporation for the 1967 World Exhibition Act. The balance in the account at March 31, 1969 was $148 million compared with $205 million at March 31, 1968. The decrease resulted from a payment of $75 million by the Province of Quebec in respect of its guarantee of these securities. The payment was in the form of provincial notes which have been recorded in the category "loans to provincial governments".

During the year the federal government was called on to implement its guarantee of loans made by certain chartered banks to the corporation. These payments totalled $18 million and have been recorded in this account.

Canadian Dairy Commission

Loans to the commission, to enable it to purchase and sell dairy products as authorized by the Canadian Dairy Commission Act, c. 34, 1966-67, amounted to $42 million compared with $22 million in 1967-68.

Canadian National Railways (including Air Canada)

Outstanding advances to the Canadian National Railways at March 31, 1969 amounted to $1,985 million, $200 million more than the balance of $1,785 million at the previous fiscal year-end.

During 1968-69 the government made available $242 million to the company and received payments of $42 million, resulting in a net increase of $200 million in outstanding advances. In 1967-68 advances were $211 million and repayments were $47 million.

In 1968-69 the government made advances of $186 million to the company for capital purposes and the refunding of debt in the hands of the public.

To assist the company to finance further capital expenditure during the year, the government purchased $28 million of the 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.

At March 31, 1968 temporary loans of $13 million were outstanding to the company in respect of its 1968 deficit. Additional loans of $16 million were advanced during the year for its 1968 operations. These were repaid when the company's income deficit of $32 million was charged to the 1968-69 budgetary expenditures. Additional loans of $5 million were advanced for the company's 1969 operations.

TABLE 61

(in millions of dollars)

Advances to the Canadian National Railways	Balance at March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Capital Revision Act, 1952—			
Preferred stock	1,133.3	1,105.2	28.1
Twenty-year obligation	100.0	100.0	
Financing and Guarantee Act, 1960	29.0	29.0	
Financing and Guarantee Act, 1961	26.4	26.4	
Financing and Guarantee Act, 1965 and 1966	50.0	50.0	
Financing and Guarantee Act, 1967	72.0	27.0	45.0
Financing and Guarantee Act, 1968	74.8		74.8
Interim financing of income deficit 1968		13.0	−13.0
Interim financing 1969	5.0		5.0
Refunding Act, 1955	451.1	395.3	55.8
Loans for maintenance, repair and acquisition of passenger equipment	2.4	2.9	−0.5
Temporary loans—acquisition of bonds	21.2	11.3	9.9
Canadian Government Railways	17.0	17.0	
Air Canada—interim financing	3.3	8.0	−4.7
	1,985.5	1,785.1	200.4

At March 31, 1968 temporary loans of $8 million were outstanding to Air Canada in respect of its 1968 operations. An additional $4 million was advanced during the year for its 1968 operations. These were repaid by the company during 1968-69. Additional loans of $3 million were advanced for the company's 1969 operations.

TABLE 62

(in millions of dollars)

Advances to, and Repayments by, the Canadian National Railways	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Advances—			
For the refunding of debt	55.8	72.3	−16.5
Financing and Guarantee Act, 1965 and 1966		10.0	−10.0
Financing and Guarantee Act, 1967	45.0	27.0	18.0
Financing and Guarantee Act, 1968	74.8		74.8
Temporary loans—acquisition of bonds	9.8	11.3	−1.5
Interim financing—			
Canadian National Railways	21.2	48.9	−27.7
Air Canada	7.2	11.6	−4.4
Total advances	213.8	181.1	32.7
Purchase of 4 per cent preferred stock (C.N.R. Capital Revision Act, 1952)	28.1	30.0	−1.9
	241.9	211.1	30.8
Repayments—			
Maintenance, repair and acquisition of passenger equipment	−0.5	−0.4	−0.1
Advances for interim financing—			
Canadian National Railways	−29.2	−35.9	6.7
Air Canada	−11.8	−11.0	−0.8
	−41.5	*−47.3*	*5.8*
Net increase during the fiscal year	200.4	163.8	36.6

Central Mortgage and Housing Corporation

The balance of $3,962 million in this account at March 31, 1969 was $387 million higher than at March 31, 1968, and comprised the Crown's investment of $25 million in the capital of the corporation and $3,937 million in loans and advances.

Loans and advances to the corporation were $522 million in 1968-69 and repayments were $135 million. In 1967-68 advances were $767 million and repayments were $133 million.

Advances comprised $445 million for direct lending and limited dividend housing, $29 million for federal-provincial projects for housing, $17 million in respect of municipal sewage treatment, $30 million for university housing and $1 million for urban renewal.

Repayments of $135 million included $115 million for direct lending and limited dividend housing, $13 million for sewage treatment projects, $4 million for federal-provincial projects, $2 million in respect of acquisition or construction of real estate and $1 million for university housing projects.

TABLE 63

(in millions of dollars)

Advances to Central Mortgage and Housing Corporation	Balance at March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Direct lending and limited dividend housing	3,352.1	3,021.7	330.4
Federal-provincial projects—housing	167.2	142.0	25.2
Loan and mortgage purchase fund	5.1	5.3	−0.2
Municipal sewage treatment	148.7	144.8	3.9
University housing	197.0	168.7	28.3
Housing projects	65.1	67.4	−2.3
Urban renewal	1.9	0.5	1.4
Capital stock	25.0	25.0	
	3,962.1	3,575.4	386.7

TABLE 64

(in millions of dollars)

Advances to, and Repayments by, Central Mortgage and Housing Corporation	Fiscal year ended March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Advances—			
Direct lending, limited dividend and public housing	445.4	680.5	−235.1
Sewage treatment projects	16.5	29.1	−12.6
University housing projects	29.5	42.5	−13.0
Federal-provincial projects	29.0	14.0	15.0
Urban renewal	1.5	0.5	1.0
	521.9	*766.6*	*−244.7*
Repayments—			
Direct lending, limited dividend and public housing	−115.0	−99.6	−15.4
Sewage treatment projects	−12.6	−12.4	−0.2
University housing projects	−1.2	−0.6	−0.6
Federal-provincial projects	−3.8	−2.9	−0.9
Loan and mortgage purchase fund	−0.2	−14.9	14.7
Acquisition or construction of real estate	−2.3	−2.3	
Urban renewal	−0.1		−0.1
	−135.2	*−132.7*	*−2.5*
Net increase during the fiscal year	386.7	633.9	−247.2

Export Credits Insurance Corporation

The outstanding balance of $233 million in this account at March 31, 1969 consisted of $5 million for capital stock, $5 million for working capital and $223 million for loans under section 21A of the Export Credits Insurance Act. This section of the act authorizes the making of loans, on security of a guaranteed instrument, to the corporation by the Minister of Finance. Comparable amounts in 1967-68 were $5 million for capital stock, $5 million for working capital and $189 million for loans.

Farm Credit Corporation

The government provides loans to the corporation which makes loans on farm property. The balance of $1,050 million in the account at March 31, 1969 consisted of the Crown's investment of $40 million in the capital of the corporation and $1,010 million in loans and advances. At March 31, 1968 the balance was $922 million consisting of capital investment of $35 million and loans and advances of $887 million.

The 1968-69 transactions in the account consisted of additional subscriptions of $5 million by the government to the capital of the corporation, loans and advances of $172 million and repayments of $49 million compared with $7 million, $195 million and $33 million, respectively, in the previous fiscal year.

National Capital Commission

Loans to acquire property in the "Greenbelt" area amounted to $34 million at March 31, 1969, $4 million less than at the end of the previous year. Recovery of these loans is likely to require parliamentary appropriations in subsequent fiscal years.

Loans to acquire property excluding the "Greenbelt" area totalled $28 million at March 31, 1969, $9 million less than at March 31, 1968.

The St. Lawrence Seaway Authority

Outstanding obligations in this account at March 31, 1969 amounted to $521 million and comprised $380 million in interest-bearing loans, $75 million in interest-free loans and $66 million in deferred interest. At March 31, 1968 outstanding obligations were $492 million consisting of $363 million in interest-bearing loans, $75 million in interest-free loans and $54 million in deferred interest.

Other Crown Corporations

During the year advances to the Cape Breton Development Corporation increased by $5 million to $10 million, advances to the National Harbours Board increased by $11 million to $261 million, advances to the Northern Canada Power Commission increased by $8 million to $42 million and advances to the Canadian Commercial Corporation decreased by $1 million to $16 million and advances to the Canadian Overseas Telecommunication Corporation decreased by $3 million to $49 million.

Loans to national governments

There was an increase of $63 million in this category bringing the total balance to $1,269 million at March 31, 1969.

In accordance with an agreement between the Government of Canada and the Government of the United Kingdom there was a deferment of the payment of principal and interest due December 31, 1968 on the $1,185 million loan made under the $1,250 million credit authorized by the United Kingdom Financial Agreement Act, 1946, the principal outstanding at the close of the year remaining at $957 million and deferred interest increasing by $18 million to $101 million.

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 a repayment of $2 million, bringing the balance at March 31, 1969 to $118 million. The decrease of $2 million was the regular annual payment by the Government of Belgium. There were no repayments by the Governments of France and The Netherlands as each of these countries had made advance payments in 1962-63 covering instalments up to and including the 1969 instalment.

The special loan assistance—developing countries account is an account which records loans which are subject to terms and conditions as the Governor in Council may approve, for the purpose of undertaking agreed-upon economic, educational and technical projects. The balance in the account at March 31, 1969 was $93 million, an increase of $49 million over the balance at the previous fiscal year-end.

TABLE 65

(in millions of dollars)

Loans to National Governments	Balance at March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Loans to United Kingdom—			
The United Kingdom Financial Agreement Act, 1946...	957.0	957.0	
Deferred Interest	101.1	83.0	18.1
	1,058.1	*1,040.0*	*18.1*
Loans under the Export Credits Insurance Act, Part II—			
Belgium	18.5	20.8	−2.3
France	66.9	66.9	
The Netherlands	32.1	32.1	
	117.5	*119.8*	*−2.3*
Miscellaneous loans and advances—			
India—loan for purchase of aircraft and associated spare parts		1.3	−1.3
France—interim credits—consolidated interest	0.7	0.7	
Special loan assistance—developing countries	92.6	44.1	48.5
Other	0.2	0.2	
	93.5	*46.3*	*47.2*
	1,269.1	1,206.1	63.0

Other loans and investments

Balances in these accounts totalled $2,110 million at March 31, 1969, $165 million more than at the end of the previous fiscal year.

TABLE 66

(in millions of dollars)

Other Loans and Investments	Balance at March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Subscriptions to capital of, and working capital advances and loans to, international organizations—			
Canada's subscriptions to capital of—			
Asian development bank	8.1	5.4	2.7
International bank for reconstruction and development	85.0	85.0	
International development association	112.8	85.7	27.1
International finance corporation	3.5	3.5	
International monetary fund	782.7	782.7	
	992.1	*962.3*	*29.8*
Working capital advances and loans to international organizations	7.0	7.3	−0.3
	999.1	*969.6*	*29.5*
Loans to provincial governments	270.0	187.7	82.3
Veterans land act fund	447.6	406.2	41.4
Less reserve for conditional benefits	−24.4	−23.3	−1.1
	423.2	*382.9*	*40.3*
Municipal development and loan board advances	276.7	280.6	−3.9
Less reserve for forgiveness of indebtedness		−0.9	0.9
	276.7	*279.7*	*−3.0*
Miscellaneous—			
Assisted passage scheme	11.0	13.2	−2.2
Crown Assets Disposal Corporation—			
Government equity in agency account	8.1	7.3	0.8
Defence plant modernization	14.2	10.2	4.0
Housing projects for Canadian forces	21.7	21.6	0.1
Loans to manufacturers of automotive products in Canada	22.9	20.5	2.4
Northwest Territories	14.9	12.8	2.1
Yukon Territory	11.7	9.7	2.0
Other	33.3	26.1	7.2
	137.8	*121.4*	*16.4*
Recovery likely to require parliamentary appropriations—			
Town of Oromocto, New Brunswick	3.6	3.9	−0.3
	2,110.4	1,945.2	165.2

Canada's subscriptions to the capital of international organizations at $992 million were $30 million higher, due mainly to additional subscriptions of $27 million to the international development association. Working capital advances and loans to international organizations were $7 million, slightly less than at the end of the previous fiscal year.

Loans to provincial governments totalled $270 million at March 31, 1969, an increase of $82 million over the total at the previous year-end.

The veterans land act fund was established by An Act to amend the Veterans' Land Act, assented to June 30, 1965, to record advances made under the Veterans' Land Act, for the acquisition, by the Director, of properties, buildings, materials, livestock, farm equipment and commercial fishing equipment for purposes of the act, for sale to qualified veterans of world war 2 and Korea under sales agreements which carry specified conditional benefits if the terms of such agreements are adhered to by the veterans, and for progress payments to veterans during construction of housing. During 1968-69 advances of $73 million and repayments of $32 million brought outstanding advances at March 31, 1969 to $448 million. This was partly offset by a reserve for conditional benefits amounting to $25 million, resulting in a net balance of $423 million at the fiscal year-end.

Under the Municipal Development and Loan Act, advances are made to the Municipal Development and Loan Board to provide financial assistance by way of loans to municipalities to augment or accelerate municipal capital works programs. Where the municipal project in respect of which a loan is made is completed on or before September 30, 1966, the board shall forgive payment by the municipality of 25 per cent of the principal amount of the loan. If a project is not completed as at September 30, 1966, the board shall forgive 25 per cent of that portion of the loan that has been advanced to the municipality as of September 30, 1966. At March 31, 1969 advances totalled $277 million compared with $281 million at March 31, 1968. The reserve for forgiveness of indebtedness reflected a nil balance at March 31, 1969 compared with $1 million at March 31, 1968.

Miscellaneous loans and investments totalled $138 million at March 31, 1969, an increase of $16 million over the balance at March 31, 1968 due mainly to increases of $4 million in loans for defence plant modernization and $2 million in loans to manufacturers of automotive products in Canada.

Loans to assist defence manufacturers for defence plant modernization, which are subject to the approval of Treasury Board, amounted to $14 million at March 31, 1969 compared with $10 million in 1967-68.

Loans to manufacturers of automotive products in Canada were made in accordance with terms and conditions prescribed by the Governor in Council, to assist manufacturers of automotive products in Canada affected by the Canada–United States Agreement on Automotive Products to adjust and expand their production; such loans to be made for the purpose of acquisition, construction, installation, modernization, development, conversion or expansion of land, buildings, equipment, facilities or machinery and for working capital. Loans to manufacturers amounted to $23 million compared with $21 million at March 31, 1968.

Securities held in trust

Recorded herein are the security holdings in connection with various deposit and trust accounts 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, 1969 was $113 million, an increase of $53 million over the previous fiscal year-end balance.

Deferred charges

These consist of the unamortized balances of actuarial deficiencies in the Canadian forces superannuation account, the public service superannuation account and the Royal Canadian Mounted Police superannuation account and the outstanding unamortized loan flotation costs.

The balances in these accounts totalled $614 million at March 31, 1969 compared with $492 million at March 31, 1968.

TABLE 67

(in millions of dollars)

Deferred Charges	Balance at March 31		Increase or decrease (−)
	1969 (preliminary)	1968	
Unamortized portions of actuarial deficiencies—			
Canadian forces superannuation account	242.4	187.6	54.8
Public service superannuation account	187.4	150.4	37.0
Royal Canadian Mounted Police superannuation account	20.7	15.8	4.9
	450.5	*353.8*	*96.7*
Unamortized loan flotation costs	163.0	138.2	24.8
	613.5	492.0	121.5

Unamortized portions of actuarial deficiencies

At March 31, 1969 these totalled $451 million compared with $354 million at March 31, 1968, an increase of $97 million.

Any actuarial deficiencies revealed by quinquennial valuations are credited to the superannuation accounts and charged to this account and amortized to budgetary expenditure in five equal annual instalments commencing in the fiscal year in which the report is laid before parliament. Also, the cost of benefits payable under the superannuation acts as a result of the authorization of salary increases are credited to the superannuation accounts and charged to this account and amortized to budgetary expenditure over a period of five years commencing in the year in which the increase is authorized.

The unamortized portion of the actuarial deficiency in the Canadian forces superannuation account was $242 million compared with $188 million at March 31, 1968. During the year $122 million was charged thereto as a result of salary increases and $38 million as a result of amendments to the Superannuation Act and $105 million was amortized as a charge to budgetary expenditure.

The unamortized portion of the actuarial deficiency in the public service superannuation account was $187 million compared with $150 million at March 31, 1968. During the year $121 million was charged thereto as a result of salary increases and $84 million was amortized as a charge to budgetary expenditure.

The unamortized portion of the actuarial deficiency in the Royal Canadian Mounted Police superannuation account was $21 million compared with $16 million at March 31, 1968. During the year $13 million was charged thereto as a result of salary increases and $8 million was amortized as a charge to budgetary expenditure.

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 expenditures. The balance of $163 million was $25 million more than the previous fiscal year-end balance.

TABLE 68

(in millions of dollars)

Unamortized Loan Flotation Costs	Fiscal year ended March 31	
	1969 (preliminary)	1968
Balance of account at beginning of fiscal year	138.2	121.2
New loan flotation costs to be amortized—		
7% loan April 1, 1968—April 1, 1973	3.5	
6¾% loan May 24, 1968—June 1, 1973[1]	1.2	
6⅞% loan June 1, 1968—June 1, 1988[2]	1.2	
6¾% loan June 15, 1968—July 1, 1969	0.3	
7% loan June 15, 1968—October 1, 1970	1.2	
7% loan June 15, 1968—June 15, 1974	3.5	
6½% loan August 1, 1968—December 15, 1969	0.1	
6¾% loan August 1, 1968—October 1, 1970	0.2	
6¼% loan October 1, 1968—October 1, 1971	0.2	
6½% loan October 1, 1968—April 1, 1975	1.5	
6½% loan October 1, 1968—October 1, 1995	1.9	
6¼% loan December 16, 1968—May 1, 1970	0.1	
6¼% loan December 16, 1968—April 1, 1971	0.7	
Adjustments[3]	0.3	0.2
Treasury bills discounts	32.8	30.1
Canada savings bonds—adjustment previous issues	0.2	0.7
Canada savings bonds—new issue	36.1	12.6
4½% loan April 1, 1967—April 1, 1968		0.4
5% loan April 1, 1967—October 1, 1973		2.8
5¼% loan April 1, 1967—May 1, 1990		4.4
4½% loan June 1, 1967—June 15, 1968		0.3
5½% loan June 1, 1967—December 1, 1974		1.1
5% loan August 1, 1967—October 1, 1968		0.1
5½% loan August 1, 1967—April 1, 1969		0.1
6% loan August 1, 1967—December 15, 1971		4.0
4¾% loan October 1, 1967—December 15, 1968		1.3
5½% loan October 1, 1967—December 15, 1969		1.5
6% loan October 1, 1967—April 1, 1971		0.8
6¼% loan December 1, 1967—December 1, 1973		1.9
6% loan January 15, 1968—February 15, 1970		1.5
	85.0	*63.8*
Less—		
Amortization applicable to fiscal year—		
Canada savings bonds and general loans	−30.1	−26.3
Discounts on treasury bills charged to interest on public debt	−30.1	−20.5
	−60.2	*−46.8*
Increase during the year	24.8	17.0
Balance of account at end of fiscal year	163.0	138.2

[1] Loan issued in Germany.
[2] Loan issued in New York.
[3] Adjustments due to cancellations and additional issues of existing loans.

Cost of new loans issued during 1968-69 and charged to the account amounted to $85 million, of which $33 million was in respect of treasury bills discounts which will be charged to interest on public debt in 1969-70. Credits to the account were $60 million, of which $30 million was a charge to the budgetary item "annual amortization costs" and $30 million (representing discount applicable to 1968-69 on treasury bills sold in 1967-68) was a charge to the budgetary item "interest on public debt".

Treasury bills discounts applicable to the current fiscal year are charged to interest on public debt at time of sale. That portion of the discounts applicable to the subsequent fiscal year is charged to this account and transferred to interest on public debt in the following year.

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 herein. Included are the loan of $49 million to China under the Export Credits Insurance Act, loans totalling $24 million and $7 million made to Roumania and Greece, respectively, 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 has been no change in this reserve since the fiscal year 1956-57. The balance at March 31, 1969 was $546 million.

Net Debt

The net debt of Canada, or the excess of liabilities over net recorded assets, was $17,326 million at March 31, 1969 compared with $16,760 million at March 31, 1968. The increase of $566 million reflects the 1968-69 budgetary deficit.

THE CASH POSITION

The government's bank balances represent current deposits to the credit of the Receiver General of Canada in the Bank of Canada, chartered banks in Canada and certain banks in London, New York, Paris, Brussels and Bonn. These balances totalled $599 million at March 31, 1969, a decrease of $416 million over the balance of $1,015 million at March 31, 1968.

The cash position of the government is affected not only by budgetary transactions but also by changes in the government's unmatured debt and other non-budgetary transactions. Non-budgetary transactions are those which affect the government's asset and liability accounts and must be taken into account when considering the full scope of the government's financial operations and their effect on the economy of the country.

On the asset 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, national, provincial and municipal governments, international organizations, veterans and other borrowers. On the liability 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.

The following statement summarizes both the budgetary and non-budgetary transactions for 1968-69 and indicates how they affected the government's cash position. For purposes of comparison the corresponding figures for 1967-68 are also shown.

In 1968-69 a deficit of $566 million in budgetary transactions and net disbursements of $1,373 million (excluding unmatured debt transactions) resulted in a net cash requirement of $1,939 million for the fiscal year. As transac-

TABLE 69

(in millions of dollars)

Changes in Cash Position	Fiscal year ended March 31			
	1969 (preliminary)		1968	
Budgetary transactions—				
Revenue	10,169.0		9,029.2	
Expenditure	10,735.0		−9,824.0	
Deficit		**−566.0**		**−794.8**
Non-budgetary transactions (excluding unmatured debt transactions)—				
Receipts and credits (net)	2,004.9		1,250.7	
Disbursements and charges (net)	−3,377.9		−1,044.4	
Net amount available from, or required for (−), non-budgetary transactions		**−1,373.0**		**206.3**
Overall cash requirement to be financed by increase in unmatured debt or decrease in cash balances		**−1,939.0**		**−588.5**
Net increase in unmatured debt outstanding in the hands of the public—				
Unmatured debt—				
Canada savings bonds	71.8		80.1	
Marketable issues	1,003.7		349.8	
Treasury bills	360.0		170.0	
Special issues—				
Unemployment Insurance Commission	80.0		36.0	
Canada pension plan	5.6		3.8	
	1,521.1		*639.7*	
Securities investment account [1]			154.9	
Investments held for retirement of unmatured debt	2.1		−4.9	
		1,523.2		**789.7**
Net increase or decrease (−) in Receiver General bank balances		**−415.8**		**201.2**

[1] Excluding securities other than government securities.

tions in unmatured debt during the year resulted in an increase of $1,523 million in outstanding unmatured debt as at March 31, 1969, Receiver General bank balances decreased by $416 million. In 1967-68 the budgetary deficit of $795 million and net receipts of $206 million from non-budgetary transactions resulted in a cash requirement of $589 million. As outstanding unmatured debt increased by $790 million, Receiver General bank balances were increased by $201 million.

Non-budgetary receipts and credits (excluding unmatured debt transactions)

Non-budgetary receipts and credits of $2,005 million in 1968-69 included $1,464 million in respect of annuity, insurance and pension accounts, $130 million in repayments of loans, investments and advances and $411 million in sundry other accounts.

Further details are given in the following table:

TABLE 70
(in millions of dollars)

Non-Budgetary Receipts and Credits (Net)	Fiscal year ended March 31	
	1969 (preliminary)	1968
Repayments of loans, investments and advances—		
Investments in United States dollar securities issued by other than the Government of Canada	32.3	57.4
Defence production revolving fund	2.0	−5.0
Royal Canadian Mint	12.0	2.5
Agricultural commodities stabilization account	0.6	0.6
Canada Deposit Insurance Corporation	5.9	−29.4
Canadian Commercial Corporation	1.0	−6.5
Canadian Corporation for the 1967 World Exhibition	57.0	−30.0
Canadian Overseas Telecommunication Corporation	3.1	−2.6
National Capital Commission	12.9	−0.8
Municipal development and loan board	3.0	−48.5
	129.8	*−62.3*
Annuity, insurance and pension accounts—		
Superannuation accounts—		
Public service	298.4	186.3
Canadian forces	300.7	146.3
Royal Canadian Mounted Police	26.3	19.6
Canada pension plan account	755.2	671.9
Old age security fund	76.0	106.5
Other	7.6	6.5
	1,464.2	*1,137.1*
Other receipts and credits—		
Outstanding treasury cheques	83.6	44.8
Matured debt outstanding	6.8	−4.7
Interest due and outstanding	1.4	50.3
Interest accrued	70.7	29.1
Post office outstanding money orders	19.1	5.7
Provincial tax collection agreements account	41.8	27.7
Deposit and trust accounts	49.9	2.5
Undisbursed balances of appropriations to special accounts	100.5	23.3
Deferred credits	30.5	7.0
Miscellaneous	6.6	−9.8
	410.9	*175.9*
	2,004.9	1,250.7

Non-budgetary disbursements and charges (excluding unmatured debt transactions)

Non-budgetary disbursements and charges of $3,378 million in 1968-69 included $1,987 million for loans, investments and advances and $1,391 million in other charges.

Further details are given in the following table:

TABLE 71
(in millions of dollars)

Non-Budgetary Disbursements and Charges (Net)	Fiscal year ended March 31	
	1969 (preliminary)	1968
Loans, investments and advances—		
Stockpiling of uranium concentrates	11.1	17.7
Advances to the exchange fund account	833.7	−321.7
Atomic Energy of Canada Limited	68.6	32.9
Canadian Broadcasting Corporation	22.0	18.4
Canadian Dairy Commission	19.8	22.1
Canadian National Railways	200.4	163.8
Cape Breton Development Corporation	4.8	5.2
Central Mortgage and Housing Corporation	386.7	633.9
Export Credits Insurance Corporation	33.9	34.7
Farm Credit Corporation	128.2	169.2
National Harbours Board	10.6	27.8
Northern Canada Power Commission	8.5	2.9
The St. Lawrence Seaway Authority	28.6	26.7
National governments	63.0	4.5
Subscriptions to capital of international organizations	29.8	17.7
Provincial governments	82.3	64.2
Veterans land act fund	40.3	71.5
Defence plant modernization	4.0	10.2
Loans to manufacturers of automotive products	2.4	7.9
Miscellaneous	8.0	20.1
	1,986.7	*1,029.7*
Other disbursements and charges—		
Canada pension plan investment fund	742.2	665.3
Accounts payable	120.2	−65.7
Non-interest -bearing notes	215.7	−450.3
Canadian Commercial Corporation—special deposit	18.1	−38.2
Canadian Dairy Commission	1.1	−25.2
Refundable corporation tax	95.8	−39.1
Provision for estimated premium on redemption of bonds	13.6	−6.0
Cash in hands of collectors and in transit	5.7	50.0
Moneys received after March 31 but applicable to the current year	4.2	5.1
Securities held in trust	53.1	8.7
Deferred charges	121.5	−89.9
	1,391.2	*14.7*
	3,377.9	1,044.4

THE PUBLIC DEBT

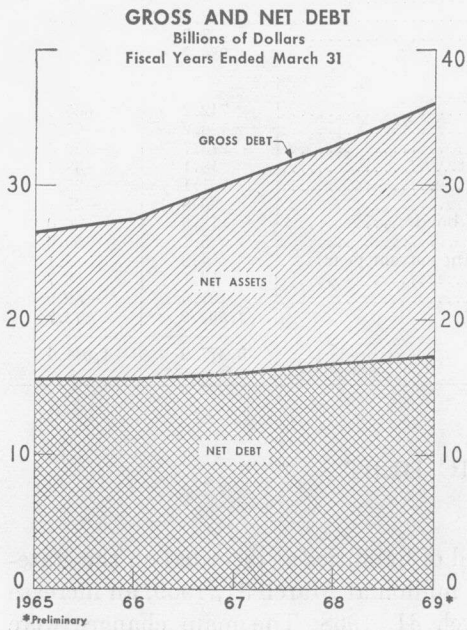
Gross and net debt

The gross debt of Canada, or the total of liabilities as recorded on the statement of assets and liabilities, was $35,852 million at March 31, 1969, an increase of $2,928 million over the total at March 31, 1968. The main changes were

increases of $1,464 million in annuity, insurance and pension accounts, $1,521 million in unmatured debt and decreases of $152 million in current and demand liabilities and $96 million in refundable corporation tax. Unmatured debt at $22,101 million represented 62 per cent of the total and annuity, insurance and pension accounts at $10,517 million represented 30 per cent. At March 31, 1968 unmatured debt was $20,580 million or 63 per cent and annuity, insurance and pension accounts totalled $9,053 million or 27 per cent.

The government's net recorded assets were $18,526 million at March 31, 1969 an increase of $2,362 million over the total at March 31, 1968. The main changes were increases of $834 million in advances to the exchange fund account, $832 million in loans to, and investments in, Crown corporations, $742 million in the Canada pension plan investment fund, $122 million in deferred charges and $165 million in other loans and investments and a decrease of $414 million in current assets. Loans to, and investments in, Crown corporations represented 47 per cent, advances to the exchange fund account represented 15 per cent and the Canada pension plan investment fund represented 11 per cent of the total. At March 31, 1968, loans to, and investments in, Crown corporations represented 49 per cent, advances to the exchange fund account represented 13 per cent and the Canada pension plan investment fund represented 8 per cent of the total.

The net debt of Canada was $17,326 million at March 31, 1969 reflecting an increase of $566 million, equivalent to the 1968-69 budgetary deficit.



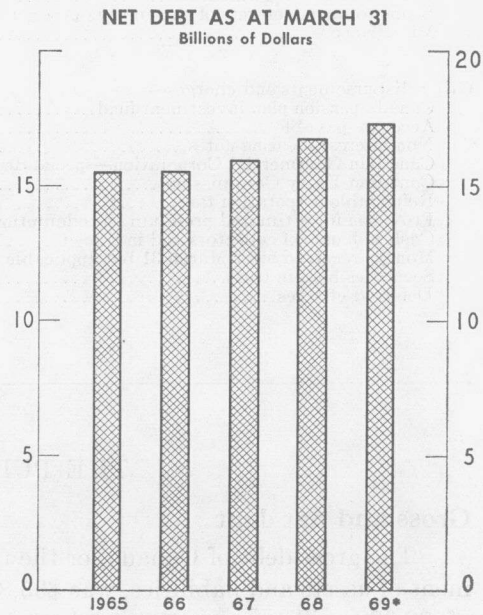


TABLE 72

STATEMENT OF PUBLIC DEBT, NET RECORDED ASSETS AND NET DEBT OF CANADA

(in millions of dollars)

As at March 31	Gross public debt			Less net recorded assets	Net debt	Increase in net debt during fiscal year
	Unmatured debt	Other liabilities	Total			
1965	18,978.2	7,585.7	26,563.9	11,059.5	15,504.4	434.3
1966	19,109.8	8,373.1	27,482.9	11,939.5	15,543.4	39.0
1967	19,940.2	10,400.0	30,340.2	14,375.2	15,965.0	421.6
1968	20,579.9	12,344.3	32,924.2	16,164.4	16,759.8	794.8
1969 (preliminary)	22,101.0	13,751.0	35,852.0	18,526.2	17,325.8	566.0

Unmatured debt

Total unmatured debt of $22,101 million was $1,521 million more than the balance at March 31, 1968.

The government's holdings of its own securities as at March 31, 1969 were comprised of $44 million in the securities investment account (of which $41 million was Canada savings bonds held in respect of the employees instalment purchase plan) and $6 million in investments held for retirement of unmatured debt. This was a decrease of $2 million from the previous fiscal year-end

TABLE 73

(in millions of dollars)

UNMATURED DEBT TRANSACTIONS	Fiscal year ended March 31			
	1969 (preliminary)		1968	
Balance at beginning of year		20,580		19,940
New issues—				
Canada savings bonds centennial series			79	
Canada savings bonds series 22	23		1,404	
Canada savings bonds series 23	3,338			
Canada savings bonds special replacement series—				
Conversion	539			
Cash	313			
Marketable bonds	2,344		2,235	
Non-marketable bonds (Unemployment Insurance Commission)	163		122	
Non-marketable bonds (Canada pension plan)	5		4	
Treasury bills (net)	360		170	
	7,085		4,014	
Conversions, maturities, redemptions and cancellations—				
Matured marketable bonds	−954		−1,575	
Redeemed marketable bonds	−2		−5	
Cancelled marketable bonds	−384		−305	
Non-marketable bonds, matured or redeemed (Unemployment Insurance Commission)	−83		−86	
Canada savings bonds converted, matured or redeemed	−4,141		−1,403	
	−5,564		−3,374	
Increase in unmatured debt		1,521		640
		22,101		20,580

total when holdings were $44 million in the securities investment account (of which $41 million was in respect of the employees instalment purchase plan) and $8 million in investments held for retirement of unmatured debt.

Of the total unmatured debt, $21,658 million was payable in Canada, $267 million payable in New York, $108 million payable in Italy and $68 million payable in Germany. Securities payable in New York, Italy and Germany have been valued at official parity rates.

Summary of security issues, maturities, conversions, cancellations and redemptions

Excluding the refunding of treasury bills which mature weekly, the government issued securities of $7,085 million and conversions, redemptions, cancellations and maturities totalled $5,564 million.

Net sales of Canada savings bonds series 23 were $3,338 million and additional sales of series 22 were $23 million. In addition, a special replacement series was issued in June 1968 for which the public could exchange series 14 bonds. Total of this issue was $852 million of which $539 million was in conversion of series 14 and $313 million was cash sales. Redemptions and maturities of series 11 to 23 totalled $4,141 million. The net increase for all series was $72 million bringing the total of outstanding Canada savings bonds to $6,168 million.

Treasury bills increased by $360 million to $2,840 million and consisted of $1,740 million in three-month bills, $875 million in six-month bills and $225 million in a 364-day bill.

TABLE 74

DEBT CONVERTED, MATURED, REDEEMED OR CANCELLED DURING THE FISCAL YEAR ENDED MARCH 31, 1969

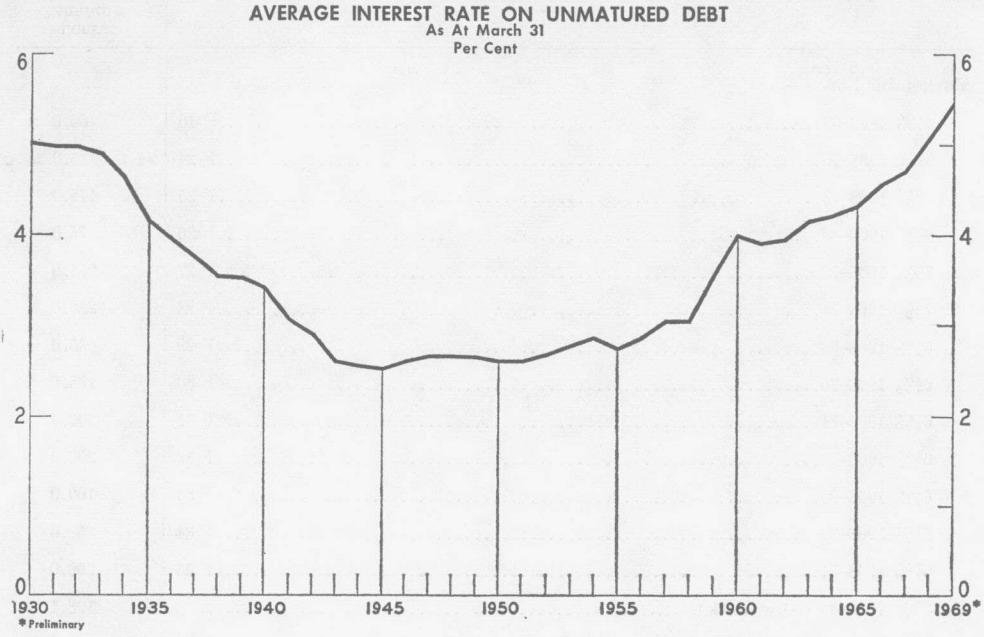
(in millions of dollars)

—	Converted	Matured	Redeemed	Cancelled	Total
Marketable bonds—					
4½% 1967–68.....F 10		175.0			175.0
2¾% 1950–68.....P 9		284.6		24.0	308.6
4½% 1967–68.....F 13		135.0		25.0	160.0
5% 1964–68.....CT 3		240.0		201.0	441.0
5% 1964–69.....CT 11				100.0	100.0
5% 1967–68.....F 15		20.0			20.0
4¾% 1967–68.....F 18		100.0		25.0	125.0
5½% 1962–80.....AT 14				7.6	7.6
5½% 1966–80.....CT 26				1.1	1.1
5% 1962–87 (N.Y. loan).....			1.7		1.7
		954.6	*1.7*	*383.7*	*1,340.0*
Non-marketable bonds—					
Canada savings bonds S 14.....	538.4	158.2	13.7		710.3
Canada savings bonds S 11–23 and S.R.S.....			3,430.4		3,430.4
Unemployment Insurance Commission, 4⅞%.....			17.0		17.0
Unemployment Insurance Commission, 5¼%.....			66.0		66.0
	538.4	1,112.8	3,528.8	383.7	5,563.7

TABLE 75

NEW SECURITIES ISSUED DURING FISCAL YEAR ENDED MARCH 31, 1969
(in millions of dollars)

		Total amount issued
Marketable bonds—		
5½% 1968–69	F 16	60.0
6% 1968–70	F 24	35.0
7% 1968–73	F 25	475.0
6¾% 1968–69	F 26	75.0
7% 1968–70	F 27	275.0
7% 1968–74	F 28	250.0
6½% 1968–69	F 29	35.0
6¾% 1968–70	F 30	105.0
6¼% 1968–71	F 31	200.0
6½% 1968–75	F 32	200.0
6½% 1968–95	F 33	100.0
6¼% 1968–70	F 34	50.0
6¼% 1968–71	F 35	200.0
6⅞% 1968–88 (New York)		108.1
6¾% 1968–73 (Germany)		67.6
5¾% 1968–70 (Italy)		34.6
5⅞% 1968–71 (Italy)		36.3
6% 1968–72 (Italy)		37.2
		2,343.8
Non-marketable bonds—		
Unemployment Insurance Commission—		
6½%		71.0
6%		92.0
		163.0
Canada savings bonds—		
Nov. 1, 1967—Nov. 1, 1980	S 22	23.1
Nov. 1, 1968—Nov. 1, 1983	S 23	3,337.9
May 1, 1968—Oct. 1, 1978 special replacement series—		
Conversion		538.4
Cash		313.1
Canada pension plan—		
6.40%—7.17%		5.6
Weekly treasury bills (net)		360.0
		7,084.9



Interest rates

The average interest rate on the government's unmatured debt was 5.45 per cent at March 31, 1969 compared with 5.06 per cent at March 31, 1968.

The yield on three-month treasury bills which was 6.98 per cent at tender on March 28, 1968 was 6.58 per cent on March 27, 1969.

The yield on six-month treasury bills which was 6.98 per cent at tender on March 28, 1968 was 6.80 per cent on March 27, 1969.

The yield on 364-day bills which was 5.65 per cent at tender on November 30, 1967 was 6.53 per cent at tender on June 27, 1968 and 5.90 per cent at tender on November 27, 1968.

The following table shows the average high and low yields together with the average yield on the latest issues for the fiscal years 1964-65 to 1968-69 inclusive:

TABLE 76

TREASURY BILLS AVERAGE YIELDS AT TENDER

FISCAL YEAR ENDED MARCH 31	High	Low	Last issue
Three-month bills—			
1965	3.87	3.53	3.62
1966	5.06	3.61	5.06
1967	5.20	4.10	4.13
1968	7.01	3.96	6.98
1969	7.00	5.48	(1)6.58
Six-month bills—			
1965	4.06	3.69	3.73
1966	5.30	3.71	5.30
1967	5.33	4.04	4.11
1968	7.02	3.97	6.98
1969	7.01	5.43	(1)6.80
364-day bills—			
1968	5.65	5.65	5.65
1969	6.53	5.90	(2)5.90

(1) March 27, 1969.
(2) November 28, 1968.

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, advances under the Export Credits Insurance Act, notes issued by the Canadian Corporation for the 1967 World Exhibition, bank loans under the Canada Student Loans Act and the Farm Improvement Loans Act and bank loans to the Canadian Wheat Board.

TABLE 77

CONTINGENT LIABILITIES (preliminary)

—	Amount of guarantee	Amount outstanding
	$	$
Railway securities guaranteed as to principal and interest—		
Canadian National 2⅞% due September 15, 1969	70,000,000	70,000,000
Canadian National 2⅞% due January 16, 1971	40,000,000	40,000,000
Canadian National 5½% due December 15, 1971	184,643,500	184,643,500
Canadian National 3¾% due February 1, 1974	200,000,000	200,000,000
Canadian National 2¾% due June 15, 1975, U.S. $6,000,000[1]	6,486,486	6,486,486
Canadian National 5% due May 15, 1977	81,675,000	81,675,000
Canadian National 4% due February 1, 1981	300,000,000	300,000,000
Canadian National 5¾% due January 1, 1985	95,575,000	95,575,000
Canadian National 5% due October 1, 1987	152,986,000	152,986,000
	1,131,365,986	1,131,365,986
Other outstanding guarantees and contingent liabilities—		
Deposits maintained by the chartered banks in the Bank of Canada	Unstated	1,038,024,915
Loans made by lenders under Part IV of the National Housing Act, 1954, for home extensions and improvements[2][3]	25,000,000	21,116,000
Insured loans made by approved lenders under the National Housing Act, 1954[2][4][5]	9,500,000,000	6,732,000,000
Liability for insurance and guaranties and other commitments with respect to long-term financing under sections 21 and 21A of the Export Credits Insurance Act[2]	1,100,000,000	332,966,459
Loans made by chartered banks under the Farm Improvement Loans Act[2][6]	235,000,000	84,605,400
Loans made by chartered banks and credit unions under the Fisheries Improvement Loans Act[2]	2,700,000	730,700
Loans made by chartered banks under the Small Businesses Loans Act[2]	44,010,600	17,196,500
Loans made by chartered banks and credit unions under the Canada Student Loans Act [2][7][8]	258,561,600	256,302,000
Notes issued by the Canadian Corporation for the 1967 World Exhibition	56,100,000	56,100,000
Loans made by chartered banks to the Canadian Wheat Board	680,000,000	394,900,000
		8,933,941,974
Loans maintained by approved lending institutions under National Housing Acts prior to 1954 Act	Unstated	Indeterminate
Guarantees to owners of returns from moderate rental housing projects[9]	Unstated	Indeterminate

(1) Converted at $1.08108 Canadian official parity rate.

(2) As of December 31, 1968.

(3) Amount of guarantee authorized increased as of March 31, 1969 by $2.5 million.

(4) As reported (in accordance with section 45, National Housing Regulations) by approved lenders as of December 31, 1968.

(5) Amount of guarantee authorized increased as of March 31, 1969 by $1.5 billion.

(6) Amount of guarantee authorized estimated on basis of new formula included in legislation in November 1968.

(7) Amount of guarantee authorized increased as of March 31, 1969 by $10.4 million.

(8) Includes contingent liability in respect of alternative payments to non-participating province.

(9) As of December 31, 1968, funds totalling $4,658,911 were held by the Central Mortgage and Housing Corporation for the purpose of settling claims. In 1968 rental contracts totalled $12,596,000.

SUPPLEMENTARY DETAILED TABLES

Revenue

Expenditure

Annual Changes in Loans and Investments

Unmatured Debt

STATEMENT OF REVENUE FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1964–65	1965–66	1966–67	1967–68	1968–69 (preliminary)
Tax revenue—					
Income tax—					
Personal[1][2]	2,103.3	2,142.5	2,473.8	2,849.6	3,422.0
Corporation [1][2]	1,523.8	1,606.6	1,593.2	1,670.6	2,030.0
On dividends, interest, etc., going abroad	143.7	170.0	203.6	220.5	206.0
	3,770.8	*3,919.1*	*4,270.6*	*4,740.7*	*5,658.0*
Excise taxes—					
Sales tax [1][2]	1,204.6	1,395.1	1,513.6	1,601.1	1,572.0
Other taxes—					
Cigarettes, tobacco and cigars	218.3	238.1	251.4	266.7	303.0
Jewellery, watches, ornaments, etc	6.9	7.9	8.9	10.2	9.0
Matches and lighters	1.2	1.2	1.2	1.2	1.0
Television sets, radios and phonographs	23.5	27.0	31.2	32.6	36.0
Toilet preparations	12.8	14.1	15.5	17.9	18.0
Wines	4.1	4.4	4.8	5.3	6.0
Sundry commodities	1.4	2.2	1.2	1.5	2.0
Interest and penalties	1.2	1.6	1.9	2.2	3.0
Less refunds	−0.3	−0.3	−0.5	−0.6	−1.0
	269.1	*296.2*	*315.6*	*337.0*	*377.0*
Customs import duties[2]	622.1	685.5	777.6	746.4	760.0
Excise duties—					
Spirits	134.7	157.0	158.2	180.5	187.0
Beer	105.4	107.9	113.3	120.2	134.0
Cigarettes, tobacco and cigars	177.2	187.1	196.4	194.6	196.0
Less refunds	−5.9	−6.1	−6.9	−6.7	−8.0
	411.4	*445.9*	*461.0*	*488.6*	*509.0*
Estate tax	88.6	108.3	101.1	102.2	111.7
Miscellaneous tax revenue	0.2	0.2	0.2	0.3	0.3
Total tax revenue	6,366.8	6,850.3	7,439.7	8,016.3	8,988.0
Non-tax revenue—					
Return on investments	422.7	438.3	519.1	612.3	693.0
Post office—net postal revenue	230.4	237.5	253.3	281.6	305.0
Other	106.3	116.1	106.4	119.0	183.0
Total non-tax revenue	759.4	791.9	878.8	1,012.9	1,181.0
Total revenue[3]	7,126.2	7,642.2	8,318.5	9,029.2	10,169.0

[1] Excluding credits to old age security fund—

	1964–65	1965–66	1966–67	1967–68	1968–69 (preliminary)
Personal income tax	431.9	494.9	576.6	800.1	915.0
Corporation income tax	145.2	152.3	149.5	150.0	183.0
Sales tax	383.2	522.1	559.5	544.5	522.0

[2] Net after deduction of refunds and drawbacks as well as transfers to the old age security fund.

[3] Department of Transport votes 5 and 30, Appropriation Act No. 4, 1968, gave authority to credit thereto revenue arising therefrom. For purposes of comparison, prior years' figures have been adjusted accordingly.

STATEMENT OF EXPENDITURE BY DEPARTMENTS[1] AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1964–65	1965–66	1966–67	1967–68	1968–69 (preliminary)
AGRICULTURE—					
Administration and general	43.3	48.3	51.0	60.4	48.0
Production and marketing, including grants and other assistance—					
Administration and general	28.7	58.1	50.9	36.6	51.0
Agricultural commodities stabilization account—net operating loss	57.1	39.4	88.7	139.7	143.0
Research	28.8	32.6	35.4	39.7	44.0
	157.9	*178.4*	*226.0*	*276.4*	*286.0*
COMMUNICATIONS—					
Administration and general	6.7	7.6	9.5	11.0	10.5
Post Office	210.5	240.2	268.5	301.8	347.0
	217.2	*247.8*	*278.0*	*312.8*	*357.5*
CONSUMER AND CORPORATE AFFAIRS—					
Administration and general	4.6	5.5	6.5	8.7	10.8
Standards branch	3.3	3.5	3.9	4.2	3.2
	7.9	*9.0*	*10.4*	*12.9*	*14.0*
ENERGY, MINES AND RESOURCES—					
Administration and general	2.2	2.7	3.1	5.2	6.1
Atomic Energy	46.5	54.5	60.2	69.3	72.6
Dominion Coal Board	22.0	22.7	38.0	33.6	7.1
Mines, minerals, energy and geosciences	46.8	52.2	53.9	53.1	53.5
National Energy Board	0.7	0.9	1.1	1.6	1.5
Water and coordination of renewable resources programs	21.4	25.5	31.3	40.5	41.2
	139.6	*158.5*	*187.6*	*203.3*	*182.0*
EXTERNAL AFFAIRS—					
Administration and general	29.8	34.5	39.6	48.9	52.8
Canadian International Development Agency	81.4	86.0	159.7	134.8	141.3
Assessments, contributions and other payments to international organizations and international multilateral economic and special programs	20.0	32.0	31.2	32.0	30.9
	131.2	*152.5*	*230.5*	*215.7*	*225.0*
FINANCE—					
Administration and general	7.2	9.8	21.3	19.6	21.8
Grants to municipalities and provinces in lieu of taxes	35.7	36.8	37.6	41.5	43.7
Municipal Development and Loan Board	2.7	33.9	41.8	17.4	3.5
Public debt charges including interest and amortization	1,051.3	1,110.9	1,190.5	1,300.8	1,479.0
Subsidies and fiscal arrangements payments to provinces	358.4	466.0	515.5	737.5	867.1
Auditor General's Office	1.6	1.7	2.1	2.3	2.6
Insurance	1.4	1.5	1.7	1.9	2.0
	1,458.3	*1,660.6*	*1,810.5*	*2,121.0*	*2,419.7*
FISHERIES AND FORESTRY—					
Fisheries	25.6	34.5	41.5	51.7	49.6
Forestry	20.3	21.4	24.8	22.1	21.4
	45.9	*55.9*	*66.3*	*73.8*	*71.0*
GOVERNOR GENERAL AND LIEUTENANT-GOVERNORS	0.7	0.7	0.8	1.0	1.0
INDIAN AFFAIRS AND NORTHERN DEVELOPMENT—					
Administration and general	1.5	1.4	1.9	2.6	3.0
Conservation	25.1	29.0	35.6	36.7	41.4
Indian Affairs	64.8	81.7	103.1	122.5	141.5
Northern program	35.9	44.3	56.8	69.6	79.1
	127.3	*156.4*	*197.4*	*231.4*	*265.0*

STATEMENT OF EXPENDITURE BY DEPARTMENTS[1] AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Continued*

(in millions of dollars)

—	1964–65	1965–66	1966–67	1967–68	1968–69 (preliminary)
INDUSTRY AND TRADE AND COMMERCE—					
Industry	56.5	72.1	76.9	92.1	86.5
Trade and Commerce	71.3	62.4	66.5	71.7	92.8
Dominion Bureau of Statistics	13.5	15.6	26.6	22.5	24.7
	141.3	*150.1*	*170.0*	*186.3*	*204.0*
JUSTICE	10.7	11.4	12.2	15.4	17.0
LABOUR	23.4	24.0	24.9	10.9	12.0
Unemployment Insurance Commission—					
Administration and general	32.7	32.4	37.3	37.6	40.0
Government's contribution to the fund	62.1	65.6	68.8	69.5	86.0
	118.2	*122.0*	*131.0*	*118.0*	*138.0*
LEGISLATURE—					
House of Commons	11.1	11.5	13.9	14.3	14.3
Senate	2.7	2.7	3.3	3.4	3.5
Library of Parliament	0.4	0.5	0.6	0.6	0.7
	14.2	*14.7*	*17.8*	*18.3*	*18.5*
MANPOWER AND IMMIGRATION—					
Administration and general	5.3	5.6	7.9	20.6	33.0
Adult occupational training program				105.1	190.1
Capital assistance re training facilities and manpower training research	52.8	104.1	136.2	119.3	97.7
Employment services	21.7	22.7	32.8	32.3	37.6
Immigration	12.2	14.3	20.5	21.6	22.8
Municipal winter works incentive program	42.8	41.1	37.8	30.5	21.5
Program development				2.9	8.0
Technical and vocational training assistance payments to provinces	44.4	48.7	85.2	85.6	4.3
	179.2	*236.5*	*320.4*	*417.9*	*415.0*
NATIONAL DEFENCE—					
Administration and general	14.4	15.3	27.0	25.9	26.4
Canadian forces superannuation account—					
Government's contribution	58.8	58.8	42.6	58.4	57.0
Amortization of deferred charges	13.4	16.8	72.6	72.6	97.0
Defence services including development	1,387.0	1,401.3	1,435.3	1,528.2	1,512.0
Defence research	32.7	37.0	38.2	45.0	47.4
Mutual aid to NATO countries	27.5	14.6	18.7	18.0	15.3
Canada Emergency Measures Organization	7.6	7.7	9.2	8.0	6.9
	1,541.4	*1,551.5*	*1,643.6*	*1,756.1*	*1,762.0*
NATIONAL HEALTH AND WELFARE—					
Administration and general	2.3	2.5	3.0	3.9	4.0
Food and drug services	4.1	5.2	6.5	7.9	9.0
Health insurance and resources—					
General health and hospital construction grants to provinces	56.7	45.5	45.1	46.0	47.3
Government's contributions under the Hospital Insurance and Diagnostic Services Act	433.9	319.6	397.4	468.6	560.0
Health resources fund			4.7	32.7	37.5
Medical Care Act					33.0
Other			0.2	1.3	1.2
Health services	7.7	7.6	8.4	8.6	7.6
Medical Research Council	7.6	10.8	14.8	21.0	26.5
Medical services	32.5	37.5	38.5	42.5	48.2
Welfare services—					
Family allowances	545.8	551.7	555.8	558.8	560.4
Youth allowances	26.9	46.5	47.4	49.4	52.6
Fitness and amateur sports payments	2.0	2.5	4.7	3.6	4.0
Old age assistance, blind persons and disabled persons allowances	74.0	45.5	38.1	18.3	11.3
Unemployment assistance	107.5	101.7	143.3	6.1	1.0
Canada assistance plan			10.5	225.6	251.4
Other	7.0	9.1	12.0	14.7	15.0
	1,308.0	*1,185.7*	*1,330.4*	*1,509.0*	*1,670.0*

STATEMENT OF EXPENDITURE BY DEPARTMENTS[1] AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Continued*

(in millions of dollars)

—	1964–65	1965–66	1966–67	1967–68	1968–69 (preliminary)
NATIONAL REVENUE	86.9	95.0	105.9	115.1	120.0
PRIVY COUNCIL	4.6	4.8	5.7	8.6	6.9
Economic Council of Canada	0.8	1.1	1.4	1.5	1.5
Public Service Staff Relations Board				1.0	1.1
	5.4	*5.9*	*7.1*	*11.1*	*9.5*
PUBLIC WORKS—					
Administration and general	32.4	38.9	38.0	48.5	47.9
Accommodation services	87.3	101.7	108.5	133.8	168.5
Harbours and rivers engineering services	30.3	35.4	38.1	43.9	32.6
Trans-Canada highway—contributions to provinces	76.1	83.4	81.0	64.7	33.0
	226.1	*259.4*	*265.6*	*290.9*	*282.0*
REGIONAL ECONOMIC EXPANSION—					
Administration and general	38.1	46.7	50.2	92.4	74.0
Atlantic Development Board	4.3	23.8	40.0	42.4	42.0
Cape Breton Development Corporation				1.6	32.0
National Capital Commission	10.4	18.6	33.0	23.2	22.0
	52.8	*89.1*	*123.2*	*159.6*	*170.0*
SECRETARY OF STATE—					
Administration and general	4.7	9.3	13.7	29.8	27.9
Canadian Broadcasting Corporation	88.0	97.5	115.2	143.3	152.5
Canadian Radio-Television Commission	0.4	0.4	0.6	1.0	1.9
Centennial Commission	7.3	14.6	30.2	31.2	
Chief Electoral Officer	0.6	13.0	0.9	0.7	13.9
Company of Young Canadians			0.8	2.4	1.8
Grant to the Canada Council	10.0			16.9	20.4
National Film Board	6.4	6.9	8.0	9.3	10.5
National Gallery and National Museum	2.7	3.5	4.5	6.6	7.0
National Library	0.6	0.8	1.1	1.6	1.6
Office of the Representation Commissioner	0.2	0.8	0.2	0.1	0.1
Post-secondary education payments to provinces pursuant to the Federal-Provincial Fiscal Arrangements Act, 1967				108.0	277.0
Public Archives	0.9	1.2	1.6	2.0	2.2
Public Service Commission	5.8	7.5	10.1	12.6	13.2
University grants	27.3	27.7	87.1	0.2	
	154.9	*183.2*	*274.0*	*365.7*	*530.0*
SOLICITOR GENERAL—					
Administration and general	0.3	0.4	0.6	1.0	1.3
Correctional services	39.0	56.5	59.6	64.8	58.4
Royal Canadian Mounted Police	59.0	64.4	84.1	87.7	100.3
	98.3	*121.3*	*144.3*	*153.5*	*160.0*
SUPPLY AND SERVICES—					
Administration and general	4.7	3.2	3.9	5.4	5.1
Services	25.3	25.9	30.0	32.8	34.6
Supply	16.7	17.1	20.3	21.5	22.3
Public Printing and Stationery	2.7	3.0	4.0	4.9	4.0
	49.4	*49.2*	*58.2*	*64.6*	*66.0*
TRANSPORT[3]—					
Administration and general	6.4	4.6	6.3	7.1	8.5
Air services	100.8	110.7	129.5	131.1	146.2
Canadian Transport Commission—					
Administration and general	2.5	2.6	3.0	3.6	4.9
Payments to railways and transportation companies under the National Transportation Act	75.7	94.7	120.9	126.0	93.7
Contributions to the railway grade crossing fund	5.1	14.0	15.0	15.0	15.0
Steamship subventions	8.3	9.4	10.8	11.1	12.3
Subsidies to air carriers		0.4	0.4	1.2	2.1

STATEMENT OF EXPENDITURE BY DEPARTMENTS[1] AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(in millions of dollars)

—	1964–65	1965–66	1966–67	1967–68	1968–69 (preliminary)
TRANSPORT—*Concluded*					
Canals and works entrusted to The St. Lawrence Seaway Authority	29.0	10.1	12.9	10.6	11.6
Marine services	55.3	77.4	91.9	91.8	84.0
Non-active assets—National Harbours Board	7.6	4.8	7.0	4.8	7.0
Railways and steamships—					
Maritime Freight Rates Act	14.7	15.1	14.4	14.2	19.4
Deficits—					
Canadian National Railways	38.7	33.4	24.6	35.8	29.4
Newfoundland ferry and terminals	11.1	12.4	13.0	16.5	16.0
Prince Edward Island car ferry and terminals	4.0	4.2	4.6	4.8	5.4
Yarmouth-Bar Harbor ferry service	0.1		(2)	0.4	0.5
Other	35.3	35.0	30.3	37.0	12.4
Central Mortgage and Housing Corporation	15.0	21.6	20.1	23.1	33.4
	409.6	*450.4*	*504.7*	*534.1*	*501.8*
TREASURY BOARD—					
Administration and general	15.0	19.0	37.8	38.4	152.8
Public service superannuation account—					
Government's contribution	55.6	57.8	59.3	59.6	66.0
Amortization of deferred charges	10.0	25.9	56.3	60.6	84.0
National Research Council	49.1	63.6	79.9	100.7	120.2
	129.7	*166.3*	*233.3*	*259.3*	*423.0*
VETERANS AFFAIRS—					
Administration and general	10.5	10.7	9.6	10.1	9.9
Pensions for disability and death	180.3	185.6	195.9	205.6	223.0
Provision for reserve for conditional benefits	3.1	3.2	3.5	4.0	4.3
Soldier settlement and veterans land act	4.5	4.5	5.2	5.5	5.3
Treatment services	46.8	49.9	57.9	61.4	71.8
Welfare services, allowances and other benefits	106.9	115.8	118.7	114.2	112.7
	352.1	*369.7*	*390.8*	*400.8*	*427.0*
	7,164.2	7,681.2	8,740.0	9,824.0	10,735.0

(1) The presentation of expenditures in this report follows the 1968–69 Revised Estimates. For purposes of comparison, prior years' figures have been adjusted accordingly.

(2) Less than $50,000.

(3) Department of Transport vote 5 and vote 30, Appropriation Act No. 4, 1968, gave authority to credit thereto revenue arising from services provided thereunder. For purposes of comparison, prior years' figures have been adjusted accordingly.

ANNUAL CHANGES IN LOANS AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1964–65	1965–66	1966–67	1967–68	1968–69 (preliminary)
Loans to, and investments in, Crown corporations—					
Air Canada	−1.4	0.7	3.1	0.6	−4.7
Atomic Energy of Canada Limited	12.0	11.9	28.4	32.9	68.6
Canada Deposit Insurance Corporation				29.4	−5.9
Canadian Arsenals Limited		−2.5			
Canadian Broadcasting Corporation	14.3	12.5	35.0	18.4	22.0
Canadian Commercial Corporation	−2.0	2.0	4.5	6.5	−1.0
Canadian Corporation for the 1967 World Exhibition		44.0	131.0	30.0	−57.0
Canadian Dairy Commission			0.1	22.1	19.8
Canadian National Railways	24.7	59.1	124.2	163.2	205.1
Canadian Overseas Telecommunication Corporation	−0.4	−2.6	−2.7	2.6	−3.1
Cape Breton Development Corporation				5.2	4.8
Central Mortgage and Housing Corporation	221.7	315.1	488.6	633.9	386.7
Export Credits Insurance Corporation	33.4	36.4	36.2	34.7	33.9
Farm Credit Corporation	102.4	147.0	164.1	169.2	128.2
National Capital Commission	6.9	7.4	7.0	0.8	−12.9
National Harbours Board	1.7	3.0	19.5	27.8	10.6
Northern Canada Power Commission	5.4	2.1	0.8	2.9	8.5
St. Lawrence Seaway Authority(1)	−6.5	26.7	29.8	26.7	28.6
Other	−0.1				−0.1
	412.1	*662.8*	*1,069.6*	*1,206.9*	*832.1*
Loans to national governments—					
United Kingdom	(2)19.6	(2)19.2	−18.9	−19.2	(2)18.1
Export Credits Insurance Act	−2.3	−2.3	−2.3	−2.3	−2.3
Special loans to Colombo plan countries to finance the purchase of wheat and flour from Canada	−5.0	−1.3	−9.9	−0.3	
Loans to India for the purchase in Canada of aircraft and associated spare parts and equipment	−1.4	−2.2	−2.4	−2.7	−1.3
Special loan assistance—developing countries		5.2	9.8	29.1	48.5
Other			0.1	−0.1	
	10.9	*18.6*	*−23.6*	*4.5*	*63.0*
Other loans and investments—					
Subscriptions to capital of, and working capital advances and loans to, international organizations—					
Canada's subscription to capital of—					
Asian development bank			2.7	2.7	2.7
International monetary fund			205.4		
International bank for reconstruction and development			4.5		
International development association	7.9	15.0	15.0	15.0	27.1
Working capital advances and loans to international organizations	−0.2	−0.1	−0.1	−0.3	−0.3
Loans to provincial governments	−4.8	−1.7	26.8	64.2	82.3
Municipal development and loan board	7.6	101.3	122.3	48.5	−3.0
Veterans land act advances	14.3	24.1	55.2	71.5	40.3
Provincial tax collection agreements account—advances	−10.4				
Balances receivable under agreements of sale of Crown assets	−1.8	−1.7	−1.2	0.1	−0.2
Housing projects for Canadian forces	2.5	0.2	−0.1	1.1	0.1
Old age security fund	−75.0	−25.0			
Loans to manufacturers of automotive parts in Canada		0.1	12.5	7.9	2.4
Defence plant modernization				10.2	4.0
Other	1.5	10.9	7.8	10.3	9.8
	−58.4	*123.1*	*450.8*	*231.2*	*165.2*
Net total of changes in loans and investments	364.6	804.5	1,496.8	1,442.6	1,060.3

(1) Includes deferred interest.
(2) Deferred interest.

UNMATURED DEBT INCLUDING TREASURY BILLS AS AT MARCH 31, 1969
AND THE ANNUAL INTEREST THEREON (preliminary)

—	Date of maturity	Rate per cent	Amount of loan	Annual interest
			$	$
Payable in Canada—				
Loan of 1936 ..... P 1	Perpetual	3	55,000,000	1,650,000
Loan of 1960 ..... T 39	1969 Apr. 1	5½	80,000,000	4,400,000
Loan of 1962 ..... AT 16	Apr. 1	5½	100,000,000	5,500,000
Loan of 1965 ..... CT 23	Apr. 1	5½	100,000,000	5,500,000
Loan of 1967 and 1968 ..... F 16	Apr. 1	5½	130,000,000	7,150,000
Canada savings bonds, 1956 ..... S 11	May 1	4	19,233,250	769,330
Loan of 1964 ..... CT 11	July 1	5	225,000,000	11,250,000
Loan of 1968 ..... F 26	July 1	6¾	75,000,000	5,062,500
Loan of 1962 ..... AT 13	Oct. 1	5½	80,000,000	4,400,000
Loan of 1965 ..... CT 21	Oct. 1	5½	145,000,000	7,975,000
Loan of 1966 ..... F 5	Oct. 1	5¾	250,000,000	14,375,000
Loan of 1967 ..... F 19	Dec. 15	5½	175,000,000	9,625,000
Loan of 1968 ..... F 29	Dec. 15	6½	35,000,000	2,275,000
Loan of 1968 ..... F 24	1970 Feb. 15	6	285,000,000	17,100,000
Loan of 1958 ..... T 24	May 1	3½	200,000,000	7,000,000
Loan of 1968 ..... F 34	May 1	6¼	50,000,000	3,125,000
Loan of 1965 and 1966 ..... CT 19	July 1	5	175,000,000	8,750,000
Loan of 1966 and 1967 ..... F 2	July 1	5	140,000,000	7,000,000
Loan of 1968 ..... F 27	Oct. 1	7	275,000,000	19,250,000
Loan of 1968 ..... F 30	Oct. 1	6¾	105,000,000	7,087,500
Canada savings bonds, 1957 ..... S 12	Nov. 1	4¾	73,359,950	3,484,598
Canada savings bonds, 1960 ..... S 15	Nov. 1	5	91,469,600	4,573,480
Loan of 1966 ..... F 8	Dec. 15	5¾	300,000,000	17,250,000
Loan of 1967 ..... F 20	1971 Apr. 1	6	225,000,000	13,500,000
Loan of 1968 ..... F 35	Apr. 1	6¼	200,000,000	12,500,000
Loan of 1964 ..... CT 15	June 1	5	350,000,000	17,500,000
Loan of 1968 ..... F 31	Oct. 1	6¼	200,000,000	12,500,000
Canada savings bonds, 1961 ..... S 16	Nov. 1	5	80,457,950	3,620,608
Loan of 1967 and 1968 ..... F 17	Dec. 15	6	285,000,000	17,100,000
Conversion loan, 1958 ..... T 28	1972 Sept. 1	4¼	1,267,203,100	53,856,132
Loan of 1968 ..... F 25	1973 Apr. 1	7	475,000,000	33,250,000
Loan of 1967 ..... F 11	Oct. 1	5	200,000,000	10,000,000
Loan of 1965 ..... CT 17	Oct. 1	5	275,000,000	13,750,000
Canada savings bonds, 1958 ..... S 13	Nov. 1	4¼	31,779,550	1,350,631
Loan of 1967 ..... F 22	Dec. 1	6¼	225,000,000	14,062,500
Loan of 1968 ..... F 28	1974 June 15	7	250,000,000	17,500,000
Canada savings bonds, 1964 ..... S 19	Nov. 1	5	156,844,800	7,842,240
Loan of 1967 ..... F 14	Dec. 1	5½	100,000,000	5,500,000
Loan of 1968 ..... F 32	1975 Apr. 1	6½	200,000,000	13,000,000
Loan of 1959 ..... T 36	Oct. 1	5½	310,361,000	17,069,855
Loan of 1965 ..... CT 24	Oct. 1	5½	50,000,000	2,750,000
Loan of 1967 ..... F 9	Oct. 1	5½	70,000,000	3,850,000
Canada savings bonds, 1963 ..... S 18	Nov. 1	5	168,069,750	8,403,487
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	5½	281,818,000	15,499,990
Canada savings bonds, 1965 ..... S 20	1977 Nov. 1	5	140,588,350	7,029,417
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
Canada savings bonds, 1966 ..... S 21	Nov. 1	5	693,649,650	34,682,483
Loan of 1962 ..... AT 14	1980 Aug. 1	5½	112,396,000	6,181,780
Loan of 1966 ..... CT 26	Aug. 1	5½	78,929,000	4,341,095
Loan of 1966 ..... F 3	Aug. 1	5½	160,000,000	8,800,000
Canada savings bonds, 1967 ..... S 22	Nov. 1	5¼	424,605,500	22,291,789
Canada savings bonds, 1968 ..... S 23	1982 Nov. 1	5¾	3,204,401,950	184,253,112
Conversion loan, 1958 ..... T 29	1983 Sept. 1	4½	1,992,679,450	89,670,575
Loan of 1963 ..... AT 21	1988 June 1	5	100,000,000	5,000,000
Loan of 1964 ..... CT 9	June 1	5	50,000,000	2,500,000
Loan of 1964 and 1965 ..... CT 12	1990 May 1	5¼	225,000,000	11,812,500
Loan of 1967 ..... F 12	May 1	5¼	125,000,000	6,562,500
Loan of 1966 and 1967 ..... F 6	1992 Sept. 1	5¾	225,000,000	12,937,500
Loan of 1968 ..... F 33	1995 Oct. 1	6½	100,000,000	6,500,000
Conversion loan, 1956 ..... T 15	1998 Mar. 15	3¾	197,045,000	7,389,188
Special replacement series	1978 Oct. 1	6	801,940,150	48,116,409
Three-month treasury bills		various	1,740,000,000	114,492,000
Six-month treasury bills		various	875,000,000	59,500,000
364-day treasury bills		various	225,000,000	13,275,000

UNMATURED DEBT INCLUDING TREASURY BILLS AS AT MARCH 31, 1969 AND THE ANNUAL INTEREST THEREON (preliminary)—*Concluded*

—	Date of maturity	Rate per cent	Amount of loan	Annual interest
			$	$
Payable in Canada—*Concluded*				
Special non-marketable bonds—				
Unemployment Insurance Commission...		5	68,000,000	3,400,000
		5½	23,000,000	1,207,500
		5½	68,000,000	3,740,000
		5¾	54,000,000	3,105,000
		6	92,000,000	5,520,000
		6½	71,000,000	4,615,000
Canada pension plan investment fund.....		various	11,315,000	804,497
			21,658,549,500	1,187,657,289
Payable in New York—				
Loan of 1949.....	1974 Sept. 1	2¾	48,755,627	1,340,780
Loan of 1950.....	1975 Sept. 15	2¾	30,301,591	833,294
Loan of 1962.....	1987 Oct. 15	5	79,567,488	3,978,374
Loan of 1968.....	1988 June 1	6⅞	108,108,000	7,432,425
			266,732,706	13,584,873
Payable in Germany—				
Loan of 1968.....	1973 June 1	6¾	67,567,500	4,560,806
Payable in Italy—				
Loan of 1968.....	1970 May 15	5¾	34,594,560	1,989,187
Loan of 1968.....	1971 May 15	5⅞	36,324,288	2,134,052
Loan of 1968.....	1972 May 15	6	37,189,152	2,231,349
			108,108,000	6,354,588
			22,100,959,706	1,212,157,556

The interest shown is a projection for one year at the annual rates on principal amounts outstanding at March 31, 1969. Where various rates of interest are applicable during the term of a loan the interest rate in effect at March 31, 1969 has been used.

Bonds payable in New York, Germany and Italy have been converted at the official parity rate.

HOUSE OF COMMONS

Wednesday, June 4, 1969

The house met at 2 p.m.

HOUSE OF COMMONS

PRESENCE IN GALLERIES OF PARLIAMENTARIANS FROM UNITED STATES CONGRESS

Mr. Speaker: Order. May I be allowed to bring to the attention of this house the presence in the Speaker's gallery and in the Senate gallery of a very distinguished group of parliamentarians from the United States Congress.

Some hon. Members: Hear, hear.

Mr. Speaker: This delegation of fellow parliamentarians includes I believe 8 members of the Senate and 12 members of the House of Representatives. They are here to attend the 12th Annual Meeting of the Canada-United States Interparliamentary group.

The Senate group is under the leadership of Senator Frank Church (Dem.) Idaho and the House of Representatives group is under the leadership of Cornelius Gallagher (Dem.) New Jersey. These gentlemen come to Canada, to Ottawa and to our parliament not only as parliamentarians and as neighbours but as friends. On behalf of the House of Commons I am very pleased to extend to them the most cordial welcome.

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the House that a message has been received from the Senate informing the House the Senate has passed Bill C-171, an Act respecting the National Library, without any amendment.

• (2:10 p.m.)

[*Translation*]

ROUTINE PROCEEDINGS

FINANCE, TRADE AND ECONOMIC AFFAIRS

Twenty-second report of the Standing Committee on Finance, Trade and Economic Affairs, in French and in English—Mr. Clermont (Gatineau).

[*Editor's Note: Text of foregoing report appears in today's Votes and Proceedings.*]

[*English*]

FISHERIES

ANNOUNCEMENT RESPECTING STRAIGHT BASE LINES DELIMITING CANADIAN TERRITORIAL SEAS

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, the house will recall that on April 5, 1969, the Minister of Fisheries announced the government's intention to draw further straight base lines delimiting Canada's territorial sea and exclusive fishing zones along the east coast of Nova Scotia and the west coast of Vancouver Island and the Queen Charlotte Islands. I am pleased to announce that the Governor in Council has now issued a list of geographical co-ordinates of points from which these base lines are to be drawn.

This new series of co-ordinates will be effective upon their publication in the *Canada Gazette* on June 11, under the authority of the 1964 Territorial Sea and Fishing Zones Act. That legislation created, beyond Canada's previously existing three mile territorial sea, a further nine mile zone within which Canada has exclusive jurisdiction over fisheries. At the same time the 1964 legislation empowered the government to establish along the coasts of Canada a system of straight base lines which, in the areas where they were established, would replace the sinuosities of the coast as the starting point for measuring the breadth of Canada's territorial sea and fishing zones. Such base lines may be drawn from headland to headland, from island to island and across the mouth of bays. Sea areas landward of the straight base lines have the status of internal waters of Canada.

A first series of base lines was established by the government in November 1967 for the coast of Labrador and the southern and eastern coasts of Newfoundland. Pending the conclusion of negotiations with certain European countries, the fishermen of these countries have been allowed to continue, in Canada's outer nine mile zone, the fishing activities they had been carrying out in those areas where they had traditionally fished prior to the passage of the Territorial Sea and Fishing Zones Act and the establishment of base lines thereunder.

The countries involved in these negotiations were Great Britain, Norway, Denmark,

France, Portugal, Spain and Italy. All of these have traditional fishing practices on Canada's east coast. It is now proposed to proceed further with the negotiations with the European countries concerned.

With respect to the United States, which has conducted traditional fishing activities off both Canada's east and west coasts, we intend to proceed with negotiations for the continuance of the present arrangement whereby Canadian and United States nationals are permitted to fish in the fishing zones of the other country on a reciprocal basis. Apart from traditional fishing practices, the United States and France also have certain treaty rights off Canada's east coast, and these rights will of course be respected.

A number of important gaps remain along Canada's east and west coasts after the establishment of the new series of base lines for Nova Scotia, Vancouver Island and the Queen Charlottes. As the Minister of Fisheries indicated in his announcement of April 5, the government intends to deal with certain of these gaps, as appropriate, after securing an amendment to the Territorial Sea and Fishing Zones Act during the next session of the house. The desired amendment will provide greater flexibility for dealing with coastal areas and will permit the Governor in Council to draw fisheries closing lines enclosing certain areas as exclusive fishing zones without extending the limits of Canada's internal water or territorial sea. At present, of course, Canada's fishing zones consist of a nine mile belt contiguous to the territorial sea, and therefore cannot be extended without at the same time extending Canada's internal waters and territorial sea by means of straight base lines.

Mr. Speaker, I now wish to table the order in council establishing the new base lines for Nova Scotia, Vancouver Island and the Queen Charlotte Islands, as well as the Canadian Hydrographic Service charts illustrating these base lines and the outer limits of Canada's territorial sea and fishing zones in the areas concerned.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, speaking on behalf of the official opposition, we welcome the announcement made today by the Secretary of State for External Affairs. As you, sir, and the house are well aware, we have been diligently seeking this information ever since the legislation was passed away back in 1964. I am sure the fishermen on the east coast today have a better understanding of the meaning of the word "eternity", because they have waited from 1964 until Wednesday, June 4, 1969, for the announcement just made, which outlines some of the areas to be protected by the base lines which were outlined in the legislation of 1964.

The legislation was of course quite definite in providing that these base lines would be announced, but they are still incomplete. The minister's statement indicates that base lines, as provided in the legislation, will be drawn from headland to headland, from island to island, across the mouth of bays, and so on. I point out to the minister that if they were drawn from headland to headland on the south coast of Newfoundland, for example, they would run right into the middle of the territory of the French government in the islands of St. Pierre and Miquelon.

Mr. McGrath: The government doesn't care about that.

Mr. Crouse: No, they apparently are not applying themselves to this problem, because we heard nothing in the minister's announcement about any agreement with the French government or just what action will be taken in drawing the base lines in that area. This is a very important matter, because the common market countries have indicated that it is their intention to set up a base on the islands of St. Pierre and Miquelon, and the expanded fishery which will flow from that base will have serious, injurious effects upon the available supplies of fish on the east coast.

Mr. McGrath: They don't care about that, either.

Mr. Crouse: We hope the government will continue to pursue this matter and that we may expect a further announcement in the not too distant future with regard to the action that will be taken to further protect the area I have mentioned, namely area adjacent to the islands of St. Pierre and Miquelon, and define Canadian fishing rights in that area, with particular reference to our fishing rights on the Grand Banks.

Mr. Frank Howard (Skeena): Mr. Speaker, five years is a rather long time to wait for such an insignificant and incomplete announcement because, as has always been said, the fish of the ocean are no respecters of arbitrary lines which range across the oceans without regard to the desires of the government which establishes them. As was expected, the announcement of the minister did not

deal with certain areas along our coasts, notably the west coast from which I come and the bodies of water known as Queen Charlotte Sound and Dixon Entrance; these are left open to the international exploitation of fisheries, although they are areas we would normally consider our own. We are left in the position, perhaps because we are now in the fifth year since the Territorial Sea and Fishing Zones Act was presented to parliament, where we face the prospect of other nations, notably Japan and the Soviet Union, claiming historic fishing rights in areas which are not defined as Canadian territorial waters.

• (2:20 p.m.)

In fact, the other day another Japanese fishing boat operator was arrested, charged and fined in our courts for a violation of the 12 mile limit that exists now and that follows the convolutions of the coast. So, coupled with this, we have to have a more intensive prosecution of our jurisdiction, regardless of what form it follows.

The minister made mention, as did the Minister of Fisheries (Mr. Davis) on another occasion, of the necessity of filling in these blank spots with something called the fisheries closing lines. The reason for that was that in one area, which I know in particular, the distance involved is approximately 100 miles, which is too long a distance in international law and under international acceptance along which to draw a straight line closing off such a large body of water as are the inland waters.

To get around this difficulty of the international acceptance of this idea we are to develop something called a fisheries closing line. It seems to me that if for argument's sake the government had determined and conceived that a fisheries closing line 100 miles in length will be acceptable in international law, then the government must also accept the premise that the fisheries closing line that follows the continental shelf will likewise be acceptable, and a fisheries closing line that would follow the continental shelf would be far more valuable to Canada and her fisheries than the straight base line method we have at the moment. In fact, the Committee on Fisheries which reported to this house last Friday, May 30, made just such a recommendation, that when these fisheries closing lines are drawn they be drawn in such a way as to follow the area of the continental shelf and thus give us the fullest possible amount of protection, primarily for our bottom fish which would respect that line because the continental shelf would be at the extremity of their swimming grounds.

[*Translation*]

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I would like to make a few remarks on behalf of the Ralliement créditiste.

As member of the committee on fisheries and forestry, I must say that the minister's statement is very incomplete, but that it represents nevertheless a step toward good relations with the countries to which it refers. More than ever, I would invite the government to make use of efficient methods to keep foreign fishermen—I am now thinking of Japanese fishermen in particular—from fishing in our waters. I am also referring to Russian ships who fish off the Canadian coast.

I invite the government to do everything in its power to define once and for all our fishing zones and to make sure they are observed.

[*English*]

LOAN COMPANIES ACT

AMENDMENTS RESPECTING CERTAIN DEFINITIONS AND SUBSTITUTIONS

Hon. E. J. Benson (Minister of Finance) moved the first reading of Bill S-38, (from the Senate) to amend the Loan Companies Act.

Motion agreed to and bill read the first time.

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

Some hon. Members: In the next session.

Mr. Speaker: At the next sitting of the house?

Some hon. Members: Agreed.

TRUST COMPANIES ACT

AMENDMENTS RESPECTING CERTAIN DEFINITIONS AND SUBSTITUTIONS

Hon. E. J. Benson (Minister of Finance) moved the first reading of Bill S-37, (from the Senate) to amend the Trust Companies Act.

Motion agreed to and bill read the first time.

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

Some hon. Members: In the next session.

Mr. Speaker: At the next sitting of the house?

Some hon. Members: Agreed.

Questions

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

WHARFAGE FEES REVENUE

Question No. 1,560—**Mr. Anderson:**

1. What is the total federal revenue from wharfage fees in each province of Canada?

2. What is the cost of collection of these wharfage fees in each province of Canada?

Hon. Donald C. Jamieson (Minister of Transport): The Department of Transport advises as follows: 1. Total gross revenues, 1967/68, public wharves administered by the Department of Transport, by provinces: Newfoundland, $129,425; Prince Edward Island, $110,719; Nova Scotia, $311,045; New Brunswick, $120,739; Quebec, $530,009; Ontario, $571,944; Manitoba, $1,118; Saskatchewan, $1,340; Alberta, none; British Columbia, $123,373.

2. Cost of collection (wharfingers' commissions) 1967/68, by provinces: Newfoundland, $44,914; Prince Edward Island, $17,144; Nova Scotia, $39,243; New Brunswick; $21,603; Quebec, $85,568; Ontario, $58,557; Manitoba, $683; Saskatchewan, none; Alberta, none; British Columbia, $37,974.

The National Harbours Board advises as follows: 1. Top Wharfage for the Calendar Year 1967: Newfoundland, $4,234; Nova Scotia, $546,884; New Brunswick, $570,423; Quebec, $5,562,388; Ontario, $10,045; Manitoba, $69,638; British Columbia, $731,950.

2. The cost of collection for the top wharfage charges at national harbours mentioned in part one is unknown because operating expenses of the harbours do not provide sufficient detail to isolate this item from other operating expenses.

The St. Lawrence Seaway Authority advises as follows:

	1968
1. Ontario	$255,500
Quebec	30,600

2. These charges are a very small percentage of Authority revenue and there is no identifiable cost involved in their collection.

EXECUTIVE CONSULTANTS LIMITED

Question No. 1,736—**Mr. Skoberg:**

1. Has the government engaged Executive Consultants Ltd. in any capacity since June 1968?

[Mr. Speaker.]

2. If so (a) what are the projects completed in progress and not yet begun (b) what is the contract amount, honoraria, expense provision or any other financial arrangement in each case?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): 1. No.

2. Not applicable.

FARM TRAINING IN CANADA

Question No. 1,950—**Mr. Skoberg:**

1. What steps are taken by the Canadian International Development Agency to inform developing nations as to the availability of farm training in Canada, both university and practical?

2. Does the External Aid Office have a specific agricultural section geared to its programming?

3. What plans are being taken by the External Aid Office to continue the Farm Training Programme with students from developing countries?

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1. The Canadian International Development Agency uses correspondence, circulars, and visits abroad by its officials to ensure that Canadian Missions overseas are continuously provided with up-to-date information about academic and practical training opportunities in Canada, in many different fields of training including agriculture. In turn, the Missions bring this information to the attention of the governments of the developing countries during discussions on their training priorities and the way Canadian training facilities may be used to meet these priorities.

2. The Canadian International Development Agency (formerly the External Aid Office) has had an agricultural adviser on its staff since August 1968. In addition, there are officials in the Agency who specialize in the planning, development and execution of agricultural projects. Close liaison on these matters is maintained between the Agency and the Department of Agriculture.

3. Subject to suitable facilities being available in Canada, training programs are arranged by the Canadian International Development Agency in response to requests received from the governments of developing countries. Farm training programs can be arranged whenever there is an appropriate demand from a country to which Canada offers technical assistance.

PROGRAM TO ENHANCE PRODUCTIVITY

Question No. 1,955—**Mr. Saltsman:**

Has the Department of Industry, Trade and Commerce undertaken a cost-benefit study regarding the new programme to enhance productivity (PEP) to come into operation November 1, 1969 and, if so, will this cost-benefit study be tabled and, if not, did the Treasury Board request any cost-benefit study under P.P.B.S.?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): A preliminary cost-benefit study has been undertaken. It will not be tabled. The study was undertaken at the initiative of the Department in accordance with P.P.B. guidelines. The final study will be submitted to Treasury Board.

FEDERAL INCOME FROM AIRPORTS

Question No. 2,004—**Mr. Baldwin:**

What amounts of money were paid to the Receiver General in respect of (a) the one and one half cents per gallon federal airport fee charge for aviation fuel, and (b) the five cents per gallon federal airport fee charge for aircraft engine crankcase lubricating oil from July 1, 1968 to December 31, 1968, both days inclusive, from: (i) airports in Canada (ii) Toronto International Airport (iii) Montreal International Airport (iv) Cartierville Airport (v) St. Hubert Airport, and (vi) Ottawa International Airport?

Hon. Donald C. Jamieson (Minister of Transport):

	Airport	Period from July, 1968 to December 31, 1968 (a) Aviation Fuel at 1.5c. Per Gallon	(b) Lubricating Oil at 5c. Per Gallon
(i)	All Sites in Canada	Gasoline and Oil combined	$2,865,639.25
(ii)	Toronto International	$775,969.63	405.92
(iii)	Montreal International	977,965.34	885.90
(iv)	Cartierville	4,156.66	50.55
(v)	St. Hubert	Under R.C.A.F. operation until January 1, 1969.	
(vi)	Ottawa International	96,249.25	99.62

Footnote 1—Reference Item (i). Breakdown between aviation fuel and aircraft engine oil sales for airports other than Toronto, Montreal, Ottawa International and Cartierville Airports are not available at this time.

Footnote 2—Reference Item (v). Airport fee charged for aviation fuel and aircraft engine oil applies only to D.O.T. operated airports. St. Hubert was under R.C.A.F. operation until January 1, 1969.

FERRY "JOHN HAMILTON GRAY"

Question No. 2,043—**Mr. Macquarrie:**

1. How many passengers does the ferry *John Hamilton Gray* normally accommodate?

2. How many automobiles does this ferry accommodate?

3. What is the number of (a) passengers and (b) automobiles now being regarded as a normal load for the ferry?

4. If part (3) is less than parts (1) and (2), what are the reasons for this diminution?

Hon. Donald C. Jamieson (Minister of Transport): 1. 550.

2. 190.

3. (a) 400; (b) 190.

4. The number of passengers for which the vessel must be certificated is governed by the number of cars which can be accommodated aboard and the number of passengers per car. Recent experience with the service has shown that owing to the large number of trucks and trailers carried a capacity of 400 passengers is adequate.

METROPOLITAN TORONTO POSTAL DISTRICTS

Question No. 2,044 (revised)—**Mr. Robinson:**

Will the Minister of Communications consider the re-zoning and renaming of postal districts in Metropolitan Toronto with a view of conforming to the local municipal boundaries and, if so, when will this be carried out and, if not, for what reasons?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): In so far as the Post Office Department is concerned: On May 1st, 1969, the Post Office Department introduced a new zoning scheme for the Metropolitan Toronto area which does take into account, as far as possible, local municipal boundaries. This new system is part of a nationwide program designed to facilitate delivery of mail addressed to postal patrons in larger communities.

Questions

REPORT ON LABOUR UNIONS RETURNS

Question No. 2,055—**Mr. Gilbert:**

1. How many of the firms that failed to report under the Corporations and Labour Unions Returns Act in the years 1965, 1966 and 1967 are still outstanding?

2. Has any legal action been taken against any of these firms?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): The Dominion Bureau of Statistics reports that: 1. Complete information has been filed by 98 per cent of corporations for the years 1965, 1966 and 1967 and partial information has been received for these years from all other corporations that are required to submit reports. These partially complete returns are being examined to determine if the deficiencies warrant prosecution.

2. No legal action has been taken against these corporations.

NORTH SYDNEY, N.S., TERMINAL FACILITIES

Question No. 2,105—**Mr. Muir (Cape Breton-The Sydneys):**

With reference to Vote 20, Department of Transport, Main Estimates, 1969-70 in the amount of $2,300,000 for construction of dock and terminal facilities at North Sydney, Nova Scotia and Argentia, Newfoundland (a) what actual construction of dock and terminal facilities will take place at North Sydney and Argentia and what amounts will be expended for each item (b) what construction and acquisition of buildings will take place at North Sydney and Argentia and what amounts will be expended for construction and acquisition at each locale (c) what land will be acquired at North Sydney and Argentia and how much will be expended at each locale (d) what works will be carried out at North Sydney and Argentia in detail and how much will be expended at each locale?

Hon. Donald C. Jamieson (Minister of Transport): (a) Nil.

(b) North Sydney, completion of passenger terminal $800,000. Argentia, nil.

(c) Nil.

(d) North Sydney, nil. Argentia, paving and completion of road from Argentia to Trans-Canada Highway $1,500,000.

AGRICULTURAL TRAINEES

Question No. 2,122—**Mr. Mazankowski:**

1. Did the Department of Manpower and Immigration reduce the number of agricultural trainees which the National Agricultural Exchange Association could bring into Canada for employment on Canadian farms in 1969?

[Mr. Kierans.]

2. If so (a) did the Department undertake to find Canadian High School or University students who would be qualified and prepared to work from May 1 until November 1, 1969 on the farms which, because of the government order, were denied assistance through the Exchange Association (b) how many such students have in fact been placed?

3. Of those students placed, how many have advised their employers that they will have to (a) report after May 1 or (b) depart before November 1, and therefore be unable to work the period which trainees under the Exchange Association program would work?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): 1. No.

2. Not applicable.

3. Not applicable.

TREASURY BOARD PUBLIC RELATIONS STAFF

Question No. 2,175—**Mr. Robinson:**

1. Does the Treasury Board have a public relations staff and, if so, how many?

2. What is the total cost of public relations for the Treasury Board for each of the years 1960-68 inclusive?

Hon. C. M. Drury (President of the Treasury Board): 1. There is one officer in the Treasury Board Secretariat who performs part time public relations duties.

2. The total cost of public relations for Treasury Board: (a) 1960-1968, nil; (b) December 1968-March 31, 1969, estimated cost $9,300.

SECOND PARK FOR SASKATCHEWAN

Question No. 2,215—**Mr. Southam:**

In light of the Minister's recent statement on the expansion of the National Park Development program for Canada, when can we expect an announcement as to the location and commencement of Saskatchewan's second National Park?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): We are continuing discussions with the Province of Saskatchewan. When these are successfully completed there will be no delay in making a joint announcement with the Province as to the location and commencement of Saskatchewan's second National Park.

LOAN TO INDIA

Question No. 2,221—**Mr. Dumont:**

1. Was a loan of $30,000,000 made to India and, if so, on what terms and at what rate?

2. What will be the rate and terms of the loan to Jamaica?

[*Translation*]

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1. No development loans have been signed with India in the amount of $30,000,000. However, two loans of $15,000,000 each for the provision of fertilizers and commodities were concluded in late December 1968. The loans are interest free over 50 years with 10 years' grace before principal repayments begin.

2. The $1,250,000 loan to Jamaica to assist in the development of water resources bears 3% interest over 30 years with 7 years' grace before principal repayments begin.

[*English*]

SUBSIDIES TO SPORTS AND RECREATION

Question No. 2,228—**Mr. Fortin:**

1. What is the nature of the question being discussed between Quebec's Minister of Tourism and the Minister of National Health and Welfare regarding subsidies granted to sports and recreation?

2. Has the Minister of National Health and Welfare received letters which he has not acknowledged from the Minister of Tourism and if so, for what reasons has he not acknowledged them?

3. What suggestions did Quebec make concerning participation in the amateur sports program?

4. How much money was devoted to amateur sports in each of the last five years and of this, what was Quebec's share?

Hon. John C. Munro (Minister of National Health and Welfare): 1. Since December 1968, the Minister of Tourism, Game and Fisheries of the Province of Quebec and the Minister of National Health and Welfare, as well as officials of their respective departments, have held discussions concerning the conclusion of a cost-sharing agreement with the province of Quebec under section 5 of the Fitness and Amateur Sport Act.

2. No—As a result of these discussions correspondence was exchanged between the two parties and all letters were satisfactorily dealt with by both parties.

3. The suggestions made by Quebec were that it wished to join in with the other provinces and the two Territories in participating in the cost-sharing program pursuant to section 5 of the Fitness and Amateur Sport Act, and an agreement with respect to the 1968-69 and 1969-70 fiscal years has just been concluded with the province of Quebec.

4. The federal funds expended under the federal-provincial cost-sharing program pursuant to section 5 of the Fitness and Amateur Sport Act over the last five years are as follows: 1964-65, $450,000; 1965-66, $703,059; 1966-67, $669,288; 1967-68, $813,375; 1968-69, $934,782.

With respect to the 1968-69 fiscal year, the province of Quebec will be reimbursed 60% of the cost incurred by Quebec in relation to the fitness and amateur sport projects supported by Quebec in that fiscal year up to a maximum federal share of $201,156. For the 1969-70 fiscal year, Quebec is eligible for a reimbursement on the basis of 60% of costs up to a maximum federal share of $200,137. Prior to 1968-69 Quebec did not participate in the program.

[*English*]

UTILIZATION OF FACILITIES BY NON-MILITARY AIRCRAFT

Question No. 2,261—**Mr. Yewchuk:**

1. With a proposed cutback in the armed forces strength, has the government given any consideration to the possible utilization of existing air force facilities located near major metropolitan centres for non-military aircraft to help alleviate the ever increasing congestion of air traffic and the concomitant danger to life and property?

2. Would the Minister consider allowing non-military aircraft to use the landing facilities of the Canadian Forces Base, Cold Lake, Alberta?

Mr. D. W. Groos (Parliamentary Secretary to the Minister of National Defence): 1. If, as a result of the defence review, any of the existing military airfields located near major metropolitan centres, were no longer required for defence purposes, they would be offered to other government departments or agencies before being declared surplus to Crown Assets Disposal Corporation. Such airfields would have to be examined individually to determine if they could accommodate civil air traffic. The airports retained by national defence would in all probability need to accommodate more intensive military flying operations, and it is doubtful whether it would be possible to permit or increase the use of such military airfields by civil aircraft except on a controlled basis.

2. The intensity and the type of current military flying operations at CFB Cold Lake preclude its use by civil aircraft at this time.

AID TO MAN AND HIS WORLD

Question No. 2,263—**Mr. Yewchuk:**

Does the federal government intend to continue financial aid to Man and His World on an annual basis?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): The Government of Canada has not provided direct financial aid to Man and His World on an annual basis.

In 1968, certain of the physical assets which became the property of the Government of

Questions

Canada following the disposal of the assets of the Canadian Corporation for the 1967 World Exhibition were loaned to the City of Montreal for use by the City in operating Terre des Hommes. Some of these facilities have again been loaned to the City for 1969.

In addition, the Government of Canada has made an arrangement with the Province of Quebec which will permit the deferment from 1969 to 1972 of payments due Canada in respect of the Province's share of the Expo deficit. The purpose of this deferment is to allow the Province to guarantee support to Montreal in the event of a deficit arising from the operations of Terre des Hommes in 1969.

TOURISTS TO ONTARIO AND QUEBEC

Question No. 2,266—**Mr. Beaudoin:**

1. How many American tourists visited the Provinces of Ontario and Quebec during the years 1964, 1965, 1966, 1967 and 1968?

2. How much was spent approximately by such tourists in Ontario and Quebec respectively during the same years?

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): 1 and 2. See attached table.

Number and Expenditures of United States Visitors to Provinces of Ontario and Quebec during years 1964-1968 inclusive

	Quebec		Ontario	
	Entries Number	Expenditures $ million	Entries Number	Expenditures $ million
1964	2,832,000	91	22,303,000	333
1965	2,946,000	106	23,235,000	376
1966	3,018,000	113	24,043,000	409
1967	7,533,000	388	23,944,000	529
1968	4,769,000	N.A.	20,692,000	N.A.

NOTE: Data are based on entries through ports in the province. Normally some 60 per cent of entries are same-day traffic. Data on expenditures are based on province of entry and may not be representative by destination.

N.A.—Not Available.

[*English*]

DEFENCE EXPENDITURES

Question No. 2,305—**Mr. Forrestall:**

During each of the past three years, how much was spent by the Department of National Defence, exclusive of the R.C.M. Police, in (a) Metropolitan Halifax-Dartmouth (b) CFB Greenwood (c) CFB Cornwallis (d) all others for the following (i) civilian salaries and wages (ii) civilian allowances (iii) pay Defence Forces (exclusive of R.C.M. Police) (iv) allowances Defence Forces (v) pension contributions (vi) travel and removal expenses (vii) freight, express and cartage (viii) postage (ix) telephones (x) telegraph (xi) other communication services (xii) publication of Departmental Reports and other special material (xiii) exhibits, advertising, broadcasting and displays (xiv) professional and other outside special services (xv) rental of buildings and land (xvi) rental of office space (xvii) repairs and upkeep of equipment (xviii) office stationery, supplies and equipment (xix) materials and supplies (xx) municipal and public utility services (xxi) construction or acquisition of buildings and works including land (xxii) construction or acquisition of equipment (xxiii) contributions to Rifle Associations (xxiv) contributions to Military Service Associations (xxv) fuel for heating, cooking and power generating (xxvi) clothing and personal equipment (xxvii) dental supplies (xxviii) fuels and lubricants for ships, aircraft, mobile support equipment (xxix) food supplies (xxx) medical supplies (xxxi) barrack, hospital and camp stores (xxxii) miscellaneous material and supplies (xxxiii) total expenditures in Nova Scotia (xxxiv) total expenditures for each of parts (a), (b), (c), (d)?

Mr. D. W. Groos (Parliamentary Secretary to the Minister of National Defence): Data is not maintained in a manner which would permit details of defence expenditures for the areas listed, being readily identifiable, nor is the necessary expert staff available to undertake the large amount of work which would be required to gather the necessary information. However, based on the record of where federal cheques are sent, estimated total expenditures in the Province of Nova Scotia are as follows:

	1965-66 $	1966-67 $	1967-68 $
Civilian Pay incl. Allowances	26,960,571	27,605,215	29,063,822
Pay and Allowances—Service Personnel	70,514,211	75,830,128	82,813,844
Travel and Transportation	3,577,063	2,669,249	2,343,464
Pensions and Gratuities	4,020,291	5,270,628	5,058,726
Suppliers, including Construction and Operation	37,464,982	36,321,625	25,733,475
Total	142,537,118	147,696,845	145,013,331

Final figures are not yet available for the most recent fiscal year, 1968-69.

These figures do not reflect work done in Nova Scotia if the cheques for such work are sent to the company head office in another part of Canada. Similarly, suppliers and contractors may procure material and equipment from outside the province and such payments are not recorded.

BELL CANADA—NORTHERN ELECTRIC COMBINES INQUIRY

Question No. 2,321—**Mr. Gilbert:**

1. When is it anticipated that the study undertaken by the Combines Investigation Branch on the relationship between Bell Canada and its subsidiary Northern Electric Company will be completed?

2. Will the results of the above study be made known to Members of Parliament?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): 1. The general practice is that no information is given out as to whether a particular inquiry is being pursued with respect to a particular company or group of companies unless and until a report is published. In the present case, however, it was necessary, in view of legislation then before the House of Commons, to disclose the existence of this inquiry to the Standing Committee of the House of Commons on Transport and Communications in December 1967. At that time the Director of Investigation and Research made a tentative forecast that his part of the work was expected to take about two years from that time and he is at present working towards the completion of the inquiry in the first half of 1970.

2. When the Director has completed his inquiry he will, in accordance with the Act, decide whether to submit a statement of evidence to the Restrictive Trade Practices Commission or to the Attorney General of Canada or to discontinue the inquiry for lack of evidence. In any event, the public will be informed.

MR. ROBINSON HEAD

Question No. 2,332—**Mr. Orlikow:**

1. Is Mr. Robinson Head the new Assistant Deputy Minister (Operations) of the Department of Industry, Trade and Commerce?

2. Is Mr. Head, in part, responsible for the management and co-ordination of the Chemicals Branch activities?

3. Did Mr. Head, prior to his appointment, work in the Chemical Industry and, if so, what position did he hold?

4. Before his appointment as Assistant Deputy Minister, did Mr. Head divest himself of all interests (stocks, bonds, etc.) related to the Chemical Industry?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): 1. Yes.

2. Yes.

3. Yes. Vice President, Cyanamid of Canada Limited.

4. No. Following his appointment, yes.

*CANADIAN REPRESENTATION AT INSTALLATION OF PRINCE OF WALES

Question No. 2,381—**Mr. Diefenbaker:**

1. Is our country going to be officially represented at the installation of His Royal Highness Prince Charles the Heir Apparent to the Throne of Canada?

2. Have there been any communications in connection with such representation with the British Government?

3. If so, what has been the attitude thereto of the Government of Canada?

Mr. Jean-Pierre Goyer (Parliamentary Secretary to the Secretary of State for External Affairs): 1. Yes. Our High Commissioner in London has received an invitation from the Earl Marshal on the command of the Queen to be present at the Investiture on July 1, and he will attend.

2. No.

3. Not applicable.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PERSONNEL EMPLOYED IN GOVERNMENT DEPARTMENTS

Question No. 1,547—**Mr. Downey:**

1. How many persons were employed in each of the following classes: professional, administrative, clerical and stenographic in the Department of Trade and Commerce as of December 31 in each of the years 1961-68 inclusive?

2. How many persons were employed in each of the following classes: professional, administrative, clerical and stenographic with the Department of Industry as of December 31, in each of the years 1963-67 inclusive?

3. How many persons were employed in the following classifications: professional, administrative, clerical and stenographic in the new combined Departments of Industry, Trade and Commerce as of December 31, 1968?

4. What is the total number of staff engaged in all phases of personnel administration with the Department of Industry as at December 31 in each of the following years: 1963, 1964, 1965, 1966, 1967?

5. What is the number of staff engaged in all phases of personnel administration work for the Department of Trade and Commerce as at December 31 for the following years: 1961, 1962, 1963, 1964, 1965, 1966, 1967?

6. What number of staff were engaged in all phases of personnel administration work for the Department of Industry, Trade and Commerce as at December 31, 1968?

7. How many persons were employed by the Treasury Board in each of the following classes: professional, administrative, clerical and stenographic as of December 31 for each year from 1957-68 inclusive?

8. How many persons are presently employed in the Office of the Prime Minister in each of the following classes: professional, administrative, clerical and stenographic as of December 31 for each year 1957-68 inclusive?

9 How many persons are presently employed in the Office of the Privy Council in each of the following classes: professional, administrative, clerical and stenographic as of December 31 for each year 1957-68 inclusive?

10. How much has been paid in salaries, travelling expenses, set allowances, consultant fees or similar expenses and how much has been estimated will be spent on these items in each of the following years 1961-68 inclusive?

Return tabled.

NUTRITIVE QUALITIES OF FISH MEAL

Question No. 1,618—**Mr. Carter:**

1. Is the government currently investigating the nutritive qualities of fish meal and its possible use in food aid programs abroad?

2. Have Canadian producers been made aware of international requirements in regard to nutritional content of fish meal or other processed fish products and are such requirements being met?

3. What was the amount of fish processed, frozen, or in fish meal form, shipped under Canadian External Aid programs in the calendar year 1968?

4. What is the anticipated amount of fish and fish products to be shipped (a) as fish meal (b) other fish products under External Aid programs in the calendar year 1969?

Return tabled.

BILINGUAL ADVISERS TO CROWN CORPORATIONS

Question No. 1,713—**Mr. Fortin:**

1. Which agency Crown Corporations currently have advisers on bilingualism on their staffs?

2. Of the corporations named in the reply to part 1, above, which departments have advisers on bilingualism who (a) have French as their mother tongue (b) have English as their mother tongue (c) have another language as their mother tongue (d) are bilingual?

3. What are the ages and educational levels of the advisers on bilingualism of each of these corporations?

4. What is the administrative level of the position of adviser on bilingualism in each of these corporations, and in each case, at what level have such appointments been made?

Return tabled.

NUMBER RECEIVING BILINGUAL BONUS

Question No. 1,912—**Mr. Korchinski:**

1. In each department, how many civil servants receive 7% above their salary because of their bilingual abilities?

2. How many civil servants are there in each of the provinces?

3. How many civil servants are in receipt of the bilingual incentive in each of the provinces?

Return tabled.

ADULT TRAINING—NUMBER IN QUEBEC RECEIVING SUBSIDIES

Question No. 2,015—**Mr. Godin:**

1. How many workers have received subsidies under the adult training programmes from offices in Quebec of the Department of Manpower and Immigration?

2. What was the total number of workers for each of the occupations in which training was given?

Return tabled.

MOVING EXPENSES ALLOWED MEMBERS OF CANADIAN FORCES

Question No. 2,145—**Mr. Corbin:**

1. What moving expenses and per diem allocations are paid by Canadian Forces for or directly to members of the Forces and their families during a period of transfer from one base to another (a) in Canada (b) outside Canada?

2. Does the total amount payable vary from one rank to another and, if so, what may be the maximum and minimum paid to (a) Private (b) Captain (c) Lieutenant (d) General?

3. What is the maximum amount payable to any single member of the Armed Forces or to any married member with (a) one dependant (b) two dependants (c) three dependants (d) four dependants?

4. Are meals and lodging paid and, if so (a) for how long (b) what is the maximum per diem allowance (c) who pays the transfer of furniture and personal belongings?

Return tabled.

UNEMPLOYMENT INSURANCE COMMISSION APPEALS

Question No. 2,197—**Mr. Dionne:**

1. How many appeals have been made to the Board of referees of the Unemployment Insurance Commission as the result of claims lodged at the various offices of the Commission (a) in Canada (b) in Rivière-du-Loup and, of these, how many

decisions were upheld, or changed in 1965, 1966, 1967 and 1968 respectively?

2. What was the total number of claimants for unemployment insurance benefits at the Rivière-du-Loup district office in each of those years?

3. What was the total number of persons hired through the intermediary of the Canada Manpower Centres in the districts of Rivière-du-Loup and Montmagny in each of those years?

4. What was the cost of maintaining the various immigration offices in Canada and abroad in each of those years?

5. What results have been obtained, so far, from the survey of Canadian workers customarily employed in forestry operations on United States territory, particularly in the States of Maine and New Hampshire?

Return tabled.

*CANADIAN CENSUS DISTRICTS

Question No. 2,298—**Mr. Simpson:**

1. As determined by the 1961 decennial census, how many census districts, established pursuant to the Statistics Act, are there in Canada, wherein ten percent or more than ten percent of the inhabitants speak the English language as their mother tongue?

2 What are the names, numbers and location of each of these census districts?

3. As determined by the 1961 decennial census, how many census districts, established pursuant to the Statistics Act are there in Canada, wherein ten percent or more than ten percent of the inhabitants speak the French language as their mother tongue?

4. What are the names, numbers and location of each of these census districts?

5. How many local government or school districts are there in Canada wherein ten percent of the inhabitants speak the English language as their mother tongue?

6. What are the names, numbers and locations of each of these?

7. How many local government or school districts are there in Canada wherein ten percent of the inhabitants speak the French language as their mother tongue?

8. What are the names, numbers and location of each of these?

9. How many federal or provincial electoral districts or regions are there in Canada wherein ten percent of the inhabitants speak the English language as their mother tongue?

10. What are the names, numbers and locations of each of these?

11. How many federal or provincial electoral districts or regions are there in Canada wherein ten percent of the inhabitants speak the French language as their mother tongue?

12. What are the names, numbers and locations of each of these?

Return tabled.

MOTIONS FOR PAPERS

[*Translation*]

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, notices of motions Nos. 159 and 164 for the production of papers are acceptable to the government.

[*English*]

EXTERNAL AFFAIRS POLLUTION STANDARDS

Motion No. 159—**Mr. Harding:**

That an Order of the House do issue for copies of all standards on pollution established by the Department of External Affairs.

Motion agreed to.

TRANSPORT POLLUTION STANDARDS

Motion No. 164—**Mr. Harding:**

That an Order of the House do issue for copies of all standards on pollution established by the Department of Transport.

Motion agreed to.

[*Translation*]

Mr. Forest: Mr. Speaker, notice of motion No. 147 is acceptable to the government, subject to the usual reservations concerning privileged papers and authorization of the government authorities concerned.

[*English*]

Mr. Speaker: Subject to the reservations just expressed by the parliamentary secretary, is it the pleasure of the house that notice of motion No. 147 be deemed to have been adopted?

Some hon. Members: Agreed.

CORRESPONDENCE BETWEEN NORTHWEST TERRITORIES AND AUDITOR GENERAL

Motion No. 147—**Mr. Howard (Skeena):**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence between the Auditor General's office and the Government of the Northwest Territories regarding the accounts for the fiscal year 1967-1968.

Motion agreed to.

Mr. Forest: Mr. Speaker, would you kindly call notice of motion No. 125?

I ask, Mr. Speaker, that the remaining notices of motions be allowed to stand.

REPORT ON OIL POLICY

Motion No. 125—**Mr. Saltsman:**

That an Order of the House do issue for a copy of the interim report of the Task Force on Oil

Policy (Northern Development), as mentioned by the Acting Minister of Energy, Mines and Resources in *Hansard* on April 25, 1969, Page 7956.

Mr. R. J. Orange (Parliamentary Secretary to the Minister of Energy, Mines and Resources): Mr. Speaker, this is the first of a series of interim reports which will be made to the government. When the final report has been made consideration will be given to making it public. I would therefore ask that the hon. member agree to withdraw his amendment.

Mr. Max Saltsman (Waterloo): Mr. Speaker, I think it is important that we should have this information at this time. Therefore I would ask that the motion be transferred for debate.

Mr. Speaker: Transferred for debate pursuant to Standing Order 48.

ORAL QUESTION PERIOD

INDUSTRY

KENNEDY ROUND—INQUIRY AS TO IMMEDIATE IMPLEMENTATION OF TARIFF PROVISIONS

Hon. Robert L. Stanfield (Leader of the Opposition): I should like to ask the Minister of Finance a question relating to the Kennedy round cuts which in general were supported almost unanimously in the house at the time. My question, Mr. Speaker, arises from the minister's announcement of a wide range of tariff cuts to take effect immediately, though they had been scheduled to take effect in 1972.

Can the minister say what studies were made by his department as to the probable effect on the industries concerned of this sudden change in timing, especially the smaller industries which will be involved?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, a careful review of the effect on industry was made by officials of my department and it was deemed—or they felt—that the decision would not have a serious effect on Canadian industry but that it would oblige Canadian industry to become more efficient and to reduce costs, thereby helping to combat inflation, which is exactly what we wanted to do.

Mr. Stanfield: Am I correct in assuming that no studies exist as to the effect which these proposed changes would have upon the industries concerned?

[Mr. Saltsman.]

Mr. Benson: Mr. Speaker, there are undoubtedly notes within my department on the observations of my officers and their comments to me. I can assure the hon. member that long discussions were held between the departmental officials and myself regarding the effects the changes might have on certain industries.

Mr. Stanfield: A supplementary question: In view of the changes being made without notice, and presumably without any consultation with the industries concerned, is the minister prepared to hear representations from companies that might be affected; and in the event of a company being able to make a case of hardship as a result of the changes coming into effect immediately rather than in three years time, is the minister prepared to consider any transitional arrangements by way of assistance?

Mr. Benson: Mr. Speaker, first of all there was a great deal of consultation with industries after the Kennedy round proposals were brought forward. Certainly I am willing to listen at any time to the submissions of various industries. As is always the case in this government, we are very receptive to having people come to us to talk about their problems.

Secondly, there are provisions for transitional assistance where industries are being materially affected by the Kennedy round. I should point out to hon. members that in spite of the fact that these tariff proposals have been in effect for some time and that two of the four steps have been taken previously in reducing tariffs, the call for this type of assistance has been very small.

Mr. Stanfield: One further supplementary question, Mr. Speaker. I am sure that the minister agrees that there might be a difference when a change comes into effect immediately instead of 1972. Would the minister give us his assurance that he is prepared to consider, not what was originally proposed but the hearing of representations in regard to the effect of these changes that are being introduced immediately?

Mr. Benson: As I pointed out, Mr. Speaker, I have already considered the effect; and I am quite willing to hear representations.

[*Later:*]

Hon. George Hees (Prince Edward-Hastings): A supplementary question, Mr. Speaker.

Some hon. Members: Hear, hear.

Mr. Hees: I am glad to see my claques here today, Mr. Speaker. I have a supplementary question following that asked by the Leader of the Opposition. In view of the fact that the government spent a great deal of time and trouble consulting industry and working out a spread over five years for the implementation of these tariff cuts—

Mr. Speaker: Order, please.

Mr. Hees: —what was the purpose—

Mr. Speaker: Order. Would the hon. member kindly ask his question.

Mr. Hees: I have just reached it, Mr. Speaker—what was the purpose of all this if, all of a sudden, the minister now decides to make these cuts immedately?

Mr. Speaker: Order, please. The question is argumentative. The hon. member is debating the matter and this is not in order. Is the hon. member for Nanaimo-Cowichan-The Islands rising on a supplementary?

THE CANADIAN ECONOMY

FAILURE TO PROVIDE IN BUDGET FOR ASSISTANCE TO PRAIRIE FARMERS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a further question to the Minister of Finance. In view of the fact that when the minister in his statement last night outlined the supplemental expenditures for the balance of this current year he made no mention of any expenditure to prairie farmers, to meet the reduced price of wheat and declining delivery quotas, may I ask the minister if we are to take it that this means the government has decided against any financial assistance to the western farmers in the form of an acreage payment or deficiency payment?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I do not think that the hon. member should make any such assumption. He is always making false assumptions.

Some hon. Members: Oh, oh.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. I think trying to be funny does not become the minister on a serious question like this. The minister can easily tell me whether or not my assumption is wrong. I am asking him: Am I to take his answer to mean that the government does intend to do something about supplying funds to assist the farmers of western Canada?

Mr. Speaker: Order. I suggest to the hon. member that his supplementary is a repetition of his original question.

Mr. Hees: A supplementary based on the question posed by the Leader of the Opposition.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A point of order, Mr. Speaker.

Mr. Speaker: Order. The hon. member is rising on a point of order.

Mr. Douglas (Nanaimo-Cowichan-The Islands): With great respect, may I submit to Your Honour that I asked the minister a question, and the only reply I received was that I am always making wrong assumptions.

Some hon. Members: Hear, hear.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Therefore, Mr. Speaker, it seems to me that under the rules of the house I am entitled, if I was wrong in my first assumption that the answer the minister gave was that there will be no payments to the farmers, to rephrase the question and to ask him directly whether this means that there will be payments to the farmers. That seems to me a perfectly proper question.

Mr. Benson: I am quite willing to answer the question. The position of the western farmer is, of course, under consideration, and the government's decision in the matter will be announced in due course in this house.

IMPACT ON INFLATION OF CAPITAL COST DEFERRAL PROVISIONS IN BUDGET

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I wish to direct a question to the Minister of Finance. The question is serious and arises out of the budget. Is the government giving any consideration to the economic fact that the budgetary measures in regard to the deferral of capital cost allowances will slow development in Toronto, Calgary, Edmonton and Vancouver, and in particular increase unemployment in those areas, as well as rents that are already high?

Inquiries of the Ministry

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, the effect stated by my hon. friend was the exact purpose of this budgetary measure, namely to slow down construction—that is, commercial construction, not industrial construction such as homes, needed roads and so on—in areas where the economy is over-heated, in order to ease pressure there and benefit all Canadians.

Mr. Speaker: Order. I see there are six, seven or eight members who are attempting to rise on supplementaries. I will allow the hon. member for Calgary North a supplementary, but I have to remind hon. members that we have not started the budget debate today. Six days will be allotted to the budget debate, and I think this is the kind of debate that we should have at that time.

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please. If hon. members will allow me, I will call on the hon. member for Calgary North for his supplementary question.

Mr. Woolliams: Thank you very much for your graciousness, Mr. Speaker. May I address this question to the Minister of Finance. It has to do with the deferral of capital cost allowances for commercial buildings, which is to apply to certain sections of the country. Has the minister in conjunction with his department studied this matter and reached conclusions about the likely impact of this policy on inflation in this country. If so, will he undertake to allow the house to examine the conclusions of the study if any have been reached.

Mr. Benson: Mr. Speaker, such studies were undertaken, and I consulted my officials. We think this policy will have a sizeable effect on inflation in the country, along with other budgetary proposals I brought forward last night. If my hon. friend wants to talk to me I will be glad to talk to him. We think the policy will have an effect. We think the entire budget will tend to dampen down inflation in this country, this being of vital importance to all Canadians and especially to those living on fixed incomes.

Mr. Baldwin: The minister will be sorry he spoke those words.

[Mr. Woolliams.]

Mr. Speaker: Order, please. My graciousness is exhausted.

FARM MACHINERY

REFUSAL BY COMPANIES TO ACCEPT WHEAT IN PAYMENT

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, the question I have to ask is one that deals with the serious situation on the prairies involving seizures of machinery, tractors and the like, and vendor companies refusing to accept grain in exchange. As there are little or no quotas sufficient to meet the needs of the farmer, and although the matter is one that comes under provincial jurisdiction, would the Prime Minister be prepared to use his high office to communicate with these implements companies and suggest that since the western farmer is not responsible for the position in which he now finds himself, his wheat being unsaleable, these companies ought to hold off seizures, which are very disruptive and are bankrupting numbers of farmers at this moment?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this question should really be directed to the ministers concerned with this subject, the Minister of Agriculture and the Minister of Industry, Trade and Commerce. They have at various times stated that this matter has been given their continuing attention.

Mr. Diefenbaker: I am directing my question to the Prime Minister and asking him whether he will get in touch with these large implement companies and point out the terrible detriment being caused the western farmer by these seizures. These companies refuse to accept wheat. I realize this is not a responsibility of his, but I ask him whether he would do this for the purpose of aiding farmers who today are suffering in consequence of seizures.

Mr. Trudeau: Mr. Speaker, on this side we believe in the cabinet system of government, and I for one have great confidence in my ministers. Therefore I do not interfere in their operations.

Some hon. Members: Oh, oh.

Mr. Hees: Whatever happened to Paul?

[*Translation*]

CANADIAN BROADCASTING CORPORATION

VANCOUVER—CLOSING OF FRENCH STATION

Mr. Bernard Dumont (Frontenac): Mr. Speaker, I wish to put a question to the Secretary of State.

Would he tell the house why the C.B.C. wants to close its French-language radio station in Vancouver?

Mr. Speaker: That question should be put on the order paper.

Mr. Dumont: At ten o'clock, Mr. Speaker.

[*English*]

IMMIGRATION

DESERTERS FROM U.S.—DISCUSSION IN INTERPARLIAMENTARY MEETING

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, my question is for the Prime Minister. Is the matter of the government's red carpet welcome to deserters from the armed forces of the United States one of the subjects on the agenda of the present meeting of the Canada-United States Interparliamentary Association?

Some hon. Members: Hear, hear.

Mr. Speaker: Order please. As the hon. member knows, the delegation to which he refers is a parliamentary delegation and not a government delegation. Therefore his question ought to be directed to the Speaker in writing.

FISHERIES

SEA LAMPREY—UTILIZATION OF CHEMICALS TO PROTECT LAKE TROUT

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, my question is for the Minister of Fisheries and Forestry and is based on information that the sea lamprey in the Great Lakes which destroys lake trout can be virtually wiped out by utilizing chemical control methods, thus permitting commercial fishing to be restored. I ask the minister to advise the house why this program was cut back?

Mr. Speaker: Order please. I doubt whether this question ought to be allowed during the question period. It seems to me that it could easily be put in writing or considered at the time of adjournment.

AGRICULTURE

POSSIBILITY OF AID TO WESTERN FARMERS FOLLOWING MEETING BETWEEN PREMIER AND PRIME MINISTER

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, my question is for the Prime Minister. Will he acquaint the house with representations the Premier of Saskatchewan made to him in the meetings of the last few days. Are the statements the premier made in Saskatchewan since those meetings, that the government will announce some program of aid to western farmers within the next 90 days, correct statements?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, my answer is much the same as the one I gave following my meeting with the premier of Alberta a few weeks ago. These meetings are of a private nature and there is an understanding between the premier and myself that the meetings are to remain private. We have no intention of revealing what has been discussed.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, may I direct a supplementary question to the Prime Minister. I direct it to him because he is responsible for establishing government priorities. Since the Minister of Finance last night announced a budgetary surplus of some $250 million, will the government divert some of this surplus into an emergency program to alleviate the economic crisis confronting western farmers and those in the western economy.

Mr. John Burton (Regina East): Mr. Speaker, may I direct a supplementary question to the Minister of Agriculture. Since the Premier of Saskatchewan has stated publicly that he was told by the Prime Minister that a policy statement on agriculture will be made within 90 days, will the Minister of Agriculture now take the house into his confidence and indicate what is the scope of this policy statement and tell us precisely when that statement will be made public?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, as the Prime Minister has pointed out, when changes in government policy have been determined an appropriate announcement will be made in this house.

Mr. G. W. Baldwin (Peace River): A supplementary question, Mr. Speaker. Will the Prime Minister tell us if part of the government's anti-inflation policy consists of keeping

at the lowest possible level the earning power of those engaged in western agriculture?

Mr. Speaker: Order please.

FISHERIES

STRAIGHT BASE LINES—DISCUSSIONS WITH OTHER COUNTRIES

Mr. David Anderson (Esquimalt-Saanich): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs. It arises out of a statement on motions made earlier today.

Some hon. Members: Oh, oh.

An hon. Member: Pretty boy!

Another hon. Member: Go ahead, handsome!

Mr. Anderson: Mr. Speaker, in discussions on the proposed fisheries closure lines, I wish to know whether the government of Canada has intervened with the governments of Japan, the U.S.S.R., the U.S.A. or with the governments of other countries. If so, what are the views of these governments about this very novel proposal in international fishing zones?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, may I reply to the gallant and honourable member.

Some hon. Members: Oh, oh.

Mr. Sharp: We have not had formal discussions of this kind. As the hon. member knows, we do not yet have legislation upon which we could base these fisheries closing lines.

Mr. Anderson: May I direct a supplementary question to the Minister of Fisheries, Mr. Speaker. Is it the minister's intention to instruct fisheries patrol vessels operating on the west coast to notify Soviet, Japanese or other fishing vessels this year of our intention to close Queen Charlotte Sound next year to international fisheries?

Hon. Jack Davis (Minister of Fisheries and Forestry): Mr. Speaker, it will be our intention to communicate with those countries on the basis of the maps which were tabled today by the Secretary of State for External Affairs. As that minister said, legislation is required upon which we can establish such fisheries closing lines.

[Mr. Baldwin.]

[*Translation*]

BANKRUPTCY

INQUIRY WITH RESPECT TO AMENDING LEGISLATION

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I should like to put a question to the Minister of Consumer and Corporate Affairs.

Considering all the legislative measures that have to be examined before the end of this session and considering also that the minister undertook in 1968, and early in 1969, to revise the Bankruptcy Act, could he tell us if this means that he has abandoned all plans to revise this act since it is not included in the legislative program announced by the government?

[*English*]

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): No, Mr. Speaker. The introduction of the new bankruptcy legislation was not contemplated for the present session. As I have said previously, I am expecting to receive this year a report from the special task force revising the Bankruptcy Act. I am informed that I will have this report this year. When I have the report it will be my intention to bring in a new Bankruptcy Act as soon as possible.

[*Translation*]

Mr. Rondeau: Mr. Speaker, I have a supplementary question.

Since this task force has already been working on this project for a few years and since we have not yet had a report concerning the Bankruptcy Act, does the minister intend to make representations in order to get a report as soon as possible?

[*English*]

UNEMPLOYMENT INSURANCE

DEVCO—FUNDS TO SUPPLEMENT RETIREMENT LEAVE

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, I have a question for the Minister of Labour. Has the Unemployment Insurance Commission made special arrangements with the Crown corporation, Devco, for unemployment insurance funds to supplement the corporation's early retirement leave plan to an extent in excess of 90 per cent for approximately one year?

Hon. Bryce S. Mackasey (Minister of Labour): Mr. Speaker, perhaps it will require a statement on motions if I am to be explicit. However, I might inform the hon. member of

my understanding of the matter. Due to the lay-off of a certain group of employees over age 60 by Devco, that particular company has agreed to supplement any income these men earn from part-time work, and unemployment insurance benefits, to a level which they think is their moral obligation to this particular group of employees.

Mr. MacInnis: As a supplementary question, I put this more directly and ask the minister if this is a proper use of the U.I.C. fund—that it should pay over 90 per cent of the early retirement leave plan?

Mr. Mackasey: If the Unemplyoment Insurance Commission fund can be extended to help peoples in dire need, then I think it is laudable.

Mr. MacInnis: As a further supplementary question, Mr. Speaker, I would ask the minister to study this particular plan with the Minister of Regional Economic Expansion and determine the fact that this is not a pension. Because of the strings attached these men are not enjoying the U.I.C. fund as it was meant to be enjoyed.

ADMINISTRATION OF JUSTICE

CONSIDERATION OF PAROLE FOR STEVEN TRUSCOTT

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to direct a question to the Solicitor General. Can the minister say whether the early parole of Steven Truscott is being given consideration by the National Parole Board?

Hon. G. J. McIlraith (Solicitor General): Mr. Speaker, I am informed by the Chairman of the National Parole Board that they are awaiting final reports from a panel of psychiatrists, and upon receipt of these the case will be considered by the parole board.

INDUSTRY

CENSUS FIGURES APPLICABLE TO CAPITAL COST DEFERRAL PROVISIONS IN BUDGET

Mr. A. D. Hales (Wellington): Mr. Speaker, I should like to direct a question to the Minister of Finance. Can he advise the house which figures will be used, the 1966 census figures or the local municipal population figures, in determining whether or not the two year deferment of capital cost will be allowed for commercial building projects?

Hon. E. J. Benson (Minister of Finance): The 1966 census figures, Mr. Speaker.

Inquiries of the Ministry

FISHERIES

SEALING—STEPS TO PREVENT DISSEMINATION OF FALSE ADVERTISING

Mr. James A. McGrath (St. John's East): Mr. Speaker, I wish to direct a question to the Minister of Fisheries. On Monday I directed a question to him, which is to be found at page 9331 of *Hansard,* and which he had said he would take as notice. Is the minister prepared to give me an answer now, and while he is on his feet will he also tell the house what action the government proposes to take on the report of the Standing Committee on Fisheries and Forestry regarding the seal industry?

Hon. Jack Davis (Minister of Fisheries and Forestry): We will give it very close consideration, Mr. Speaker.

Mr. McGrath: Mr. Speaker, may I rephrase my question. On Monday the minister undertook to take my question as notice. Is he now prepared to give the house an answer to that question regarding the establishment of an international organization to be based in Canada, whose aims and objectives are the abolition of the seal hunt in Canada?

Mr. Speaker: The hon. member for Fraser Valley West.

OLD AGE SECURITY

REDUCTION OF GUARANTEED INCOME SUPPLEMENT UPON RECEIPT OF PENSION BY SPOUSE

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. Is the government considering amending the old age security legislation to overcome the injustice whereby the old age security supplement is reduced for a complete year if the spouse of the recipient receives the old age pension for even a single calendar month in that year?

Mr. Speaker: It seems to me that the question is argumentative. Because of this it cannot be received.

Mr. Rose: Mr. Speaker—

Mr. Speaker: I gather the hon. member has a supplementary question.

Mr. Rose: Thank you, Mr. Speaker. Since I gave the minister oral notice of my question I believe he was prepared to answer it, and I wonder if he might be permitted to do so.

Inquiries of the Ministry

Mr. Speaker: This would be somewhat difficult, because in my view the question was not phrased correctly. It was rather an argument; but in view of the hon. member's request perhaps the minister might wish to reply.

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, there are various anomalies in the guaranteed income supplement legislation that the government has under consideration from the point of view of effecting a cure, and this is one of the areas we now have under consideration.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

VANCOUVER—CLOSING OF FRENCH STATION

Mr. René Matte (Champlain): Mr. Speaker, I have a question for the Secretary of State.

Could he tell us whether the C.B.C. has definitely decided to close down the French-language radio station in Vancouver?

Mr. Speaker: I feel that question should be put on the order paper.

[*English*]

OIL

REQUEST FOR STATEMENT OF GOVERNMENT POLICY

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister. In view of the Prime Minister again slapping western Canada's economy in the face by allowing the Minister of Finance to impose restrictions on our construction industry, would he now produce a national oil policy?

Mr. Speaker: Order, please. I would suggest to the hon. member that the same objection I raised with the hon. member for Fraser Valley West would apply in this case. The question is argumentative and as such should not be accepted.

FINANCE

RATIFICATION OF AMENDMENTS TO BRETTON WOODS AGREEMENT

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I wish to direct a question to the Minister of Finance. Is he in a position to tell the house what has been the progress in ratifying the amendments to the Bretton Woods Agreement dealing with special drawing rights, by member countries of the International Monetary Fund?

Mr. Speaker: I suggest that this question should be placed on the order paper.

NOVA SCOTIA—REQUEST FOR GRANT BY UNITED BLACK FRONT

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. Last week he indicated that he hoped to be in a position in a few days time to inform the house whether the government had decided one way or another on the request for $100,000 from the Nova Scotia United Black Front. Can he do so now?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, we are arranging to meet with spokesmen of the Black United Front to determine just what the dimensions of the assistance will be.

Mr. Forrestall: As a supplementary question, will these meetings take place this month or will they be deferred until the fall?

Mr. Munro: Within the next few days, Mr. Speaker.

CONSUMER AFFAIRS

REQUEST FOR APPOINTMENT OF PRICES AND INCOMES COMMISSION MEMBERS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I wish to direct a question to that doughty warrior against inflation, the Minister of Consumer and Corporate Affairs. I express the hope that he has not tired himself out in finding a chairman for his Prices and Incomes Commission, and I ask him when he expects to be able to announce completion of the formation of that commission?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, judging from the questions asked today I assume the only people concerned with inflation are on this side of the house.

Some hon. Members: Hear, hear.

Some hon. Members: Oh, oh.

Mr. Basford: I hope to announce the balance of the composition of the Prices and Incomes Commission very shortly. In the meantime Dr. Young, the Chairman, is proceeding with the recruiting of staff and of research assistants for the commission, and the work of the commission is going forward.

NATIONAL DEFENCE

NORAD—RESPONSIBILITY FOR OPERATIONS IN CANADA

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, may I express the hope that after the lapse of a few moments your graciousness has been recharged, and may I direct a question to the Minister of National Defence. Are the reports in today's papers offiical, that Canada has agreed to take over some of the responsibility that previously rested with the United States with regard to the operations of NORAD in Canada and, if so, was this decision based in part on the cabinet review of defence policy?

Hon. Leo Cadieux (Minister of National Defence): Mr. Speaker, the story that appeared in the papers indicated a reduction in the number of regions under the NORAD agreement. This of course has increased the region supervised from North Bay by something like 370,000 square miles of Canadian territory, which are now going to be under the supervision of that particular region. So far as the government policy is concerned I believe this is in accordance with the wish expressed in the policy statement of April 3 for Canadians to participate more in the surveillance and control of their own territory.

NATO—FILLING OF GAP CAUSED BY CANADIAN TROOPS WITHDRAWAL

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I wish to direct a question to the Prime Minister. Does he intend to take the opportunity presented by the presence of the distinguished Senators and Representatives from the Congress of the United States—

An hon. Member: They are gone.

Mr. Hees: —to explain to them whom Canada expects to fill the gap caused by the withdrawal of Canadian troops from NATO?

Mr. Speaker: The hon. member should be making his representation to the Speaker, who would relay it to the parliamentary delegation on his behalf.

NATO—REQUEST FOR STATEMENT ON ROLE OF MARITIME COMMAND

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I wish to direct a question to the Minister of National Defence. In light of the observations and comments he made on television last night, will he soon be in a position to make a definitive statement to the house on the role of maritime command?

Hon. Leo Cadieux (Minister of National Defence): Mr. Speaker, I think I would have to link this particular question with the NATO question, because I did say in the house the other day that I had agreed to consult with SACLANT on the maritime role of our forces. On the other hand I said that I would try before the parliamentary recess to indicate to the house what would flow from the fact that the defence budget has been capped for three years. However I am not quite sure whether I can indicate at that time the implications of this for the naval element of the Armed Forces.

Mr. Forrestall: Would the minister indicate whether he will be able to make any statement before the end of June in respect of the establishment in the Halifax-Dartmouth area vis-à-vis NATO?

Mr. Cadieux: Generally speaking, I think people who have a special interest in naval affairs should be encouraged by the policy statement by the Prime Minister, because evidently this is a role which has to be enlarged. So I suppose there is no such worry.

EXTERNAL AFFAIRS

MAINLAND CHINA—PROGRESS IN NEGOTIATIONS ON CANADIAN RECOGNITION—REPRESENTATIONS BY U.S.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, would the Secretary of State for External Affairs advise what progress, if any, has been made in negotiations with the government of communist China on the matter of recognition? Also, will he tell the house whether within the last week or so the administration in the United States has made representations to Canada that in any recognition which may take place the sacrifice of the government and people of the Republic of China in Taiwan should not be countenanced?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I shall answer the second question first. I have had no representations and as far as I know the government of the United States has made no representations to the Canadian government along these lines. Indeed, I doubt they would consider a form of protest such as the right hon. gentleman thinks they ought to make. I do not think we are sacrificing any people. Our objective is one which should be the wish of all members of this house and all people—to recognize the 700 million people who are not represented here.

Inquiries of the Ministry

On the first question, I think I have reported to the house that we had substantive discussions and expect to have further discussions very soon.

Mr. Diefenbaker: If I may ask a supplementary question, I should like to know when the minister changed his mind in respect of the statement he made throughout and prior to the election campaign that if the government of the Republic of China in Taiwan would in any way suffer potential danger recognition would not be proceeded with and that communist China would be so advised?

Mr. Speaker: Order, please. I do not think the question asked is in the proper form. The right hon. gentleman has asked the minister when he changed his mind about some matter. I do not think a question in this form should be acceptable.

Mr. Diefenbaker: May I alter the format of the question and ask the minister whether he has changed his mind since he made that statement?

[*Later:*]

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, my question is for the Secretary of State for External Affairs. In view of the fact he has stated that Canada now has a one-China policy, does he now feel that the Red Chinese government is the government of Taiwan as well?

Mr. Speaker: I suggest that the question is argumentative. The hon. member for Selkirk.

AGRICULTURE

DAIRY INDUSTRY—LOSS OF QUOTA BY WESTERN PROVINCES

Mr. Ed Schreyer (Selkirk): Thank you, Mr. Speaker. I was about to conclude that Your Honour felt I was no longer a member of this house. I have not resigned yet. I should like to direct my question to the Minister of Agriculture. In effect it relates to the question put by the right hon. member for Prince Albert earlier this afternoon. Given the fact that the western Canadian dairy industry has lost one million pounds of its dairy quota and six million pounds have been relegated elsewhere in Canada, has the minister any course of action in mind to remedy the dairy policy which has such a great regional bias?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, the result to which the hon. member alludes has not been because of any policy on the part of the Canadian Dairy Commission. The facts of the matter are that the policies of the Canadian Dairy Commission are applied uniformly across the country and that we would resist the setting up of regional policies, respecting the activities of the Canadian Dairy Commission, to restrict interprovincial trade.

Mr. Schreyer: Mr. Speaker, I am sure the Minister of Agriculture would agree I did not say the Dairy Commission policy was discriminatory in its intent but rather in its effect. I should like to ask the Minister of Agriculture whether the government is unwilling to take action with regard to the dairy policy and when he will undertake to do what he stated he would do as recorded in yesterday's *Hansard* at page 9388? He said he would be happy to list all the measures undertaken by the government to assist western agriculture.

Mr. Olson: I would be happy to give that list, which is rather long, if the rules would allow Your Honour to permit me to do so.

Mr. Speaker: Order, please. I understand the hon. member wishes to ask a supplementary question but I should point out to him that there are only a few minutes left and the hon. members for St. John's West, and Hillsborough have been waiting anxiously.

[*Later:*]

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I had intended asking a question supplementary to that asked by the hon. member for Selkirk. Perhaps I might ask it as a separate question. It relates to the serious problem in the dairy industry in the prairie provinces. Is the minister not aware that when the criteria for the dairy policy were set out they did discriminate against the prairie producers?

Mr. Speaker: Order, please. I would think that question also is argumentative.

HOUSING

NEWFOUNDLAND—FEDERAL PARTICIPATION IN LAND ASSEMBLY AND OTHER PROGRAMS

Mr. Walter C. Carter (St. John's West): Mr. Speaker, my question is directed to the acting minister in charge of housing. Have the federal government or any of its agencies entered into an agreement with the province of Newfoundland to participate in a program of land assembly, public housing, water and sewer projects, which is estimated to cost in

excess of $150 million as announced yesterday in Newfoundland by Premier Smallwood.

Mr. Speaker: The hon. member for Hillsborough. I believe the hon. member for St. John's West is rising on a point of order?

Mr. Carter: Mr. Speaker, is there an acting minister of housing in the house this afternoon?

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, the department will be responding tomorrow.

INQUIRY OF THE MINISTRY

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I have a question for the Prime Minister which I ask with a very heavy heart. It is based on a speech of my hon. friend the Postmaster General in which he advised that some time ago he sent the Prime Minister a message similar to that of the former minister of transport but had sent his through the post office. I should like to ask the right hon. gentleman if he is up to date in reading his incoming mail and has received such a communication from the Minister of Communications?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, a letter came in but there was not sufficient postage on it.

[*Translation*]

THE CANADIAN ECONOMY

REPERCUSSIONS OF GOVERNMENT POLICY

Hon. Théogène Ricard (Saint-Hyacinthe): Mr. Speaker, I should like to address a question to the Minister of Finance.

Would he tell the house how many unemployed will be the outcome of the program he set out last night?

[*English*]

Mr. Speaker: Order, please. I suggest to the hon. member that the question is clearly argumentative.

[*Translation*]

Mr. Ricard: Mr. Speaker, the minister said a while ago that he had come to such a decision after a careful study of all the aspects of the question and this is why I should like to know how many unemployed there will be on account of his new policy?

Mr. Speaker: Despite the explanation, I think that the question is argumentative.

[*English*]

GOVERNMENT ORDERS

INCOME TAX ACT

The house resumed, from Tuesday, June 3, consideration of the motion of Mr. Benson that Bill C-191, to amend the Income Tax Act, be read the second time and referred to the Committee of the Whole.

Mr. John Gilbert (Broadview): Mr. Speaker, I make no apology for rising at this time to speak against Bill C-191. In fact I think there should be 263 speeches in this house directed to the Minister of Finance (Mr. Benson with regard to the oppressive provisions in Bill C-191. This bill affects most Canadians but in particular it affects those persons within the low income group. Until last night I had difficulty in determining who has been our worst minister of finance. In fact, Miss LaMarsh, that gallant parliamentarian who has left this house, indicated in her book that it was the Secretary of State for External Affairs (Mr. Sharp), but after hearing the speech of the Minister of Finance last night I think he has overtaken the former minister of that department.

• (3:10 p.m.)

An hon. Member: That is hard to do.

Mr. Gilbert: I say that in most of these measures the Minister of Finance takes an arithmetic view toward Canadian problems and does not display any of the so-called compassion which at times he indicates.

I was rather delighted to read an article in last Saturday's Toronto *Star* about the Minister of Finance in which it was indicated that he was a poor boy who had made good, who had worked his way up from the ranks and is now holding one of the major portfolios in the cabinet. I cannot help but think that he has moved from the position of protecting the weak and the low income groups to the position of protecting the corporate elite.

You can probably remember, Mr. Speaker, the great speeches he made when he was a member of the opposition. In those speeches he was very persuasive, very incisive and very determined that it was necessary to bring forth certain legislation affecting some of the corporate giants in this country with respect to corporate tax holidays and incentives. But now that he sits on the other side

of the house, now that he has reached the top of the ladder, he realizes that he must protect the corporate elite.

Last night's performance was a perfect example of the colossal sham which the Minister of Finance perpetrates. In fact, neither in this bill nor in his speech last night has he done anything to help the people of western Canada to solve their agricultural programs. I see nothing in this bill to help pensioners to offset their decreased purchasing power resulting from the rising inflation from which they are suffering. I heard nothing last night, nor did I hear anything today with regard to poverty, with regard to tax reform, with regard to regional development or with regard to high interest rates and, more especially, with regard to the determined penetration of American ownership into the Canadian economy.

Bill C-191 deals in the main with two major areas. One is the social development tax of 2 per cent, and the other is the imposition of taxes on insurance companies. Those are the two main areas. Yesterday we had the pleasure of hearing the hon. member for Winnipeg North Centre (Mr. Knowles) make his usual, eloquent, persuasive speech concerning the group which the social development tax will affect most. He pointed out that it is the lower income groups that are most affected by the 2 per cent tax, and that it is an oppressive tax particularly on people who are on fixed incomes such as pensions. He pointed out the dramatic example of the government accepting a 4 per cent increase in inflation while at the same time taking a niggardly attitude by increasing the payments to old age pensioners by only 2 per cent. In other words, the government is saying to these people who contributed so much to the building of Canada that even though inflation is increasing at a rate of 4 per cent per year it will give them only 2 per cent and they must absorb the other 2 per cent themselves.

I felt last night that after the persuasive speech of the hon. member for Winnipeg North Centre the minister would take immediate steps to remedy the harsh treatment of these people and in his budget speech would rescind the 2 per cent social development tax. But no, he did not. He acted in his usual stubborn and callous manner in determining priorities for the Canadian economy. He seem to think that balancing the budget is more important than looking after particular needs of the different groups within our society.

The government has placed special emphasis on some of these measures by saying that no benefits will be given, more especially to the lower income groups, without them paying and paying in full. They should take the same attitude toward their corporate friends that they take toward the lower income groups. Then there would probably be a proper adjustment. But no, they ignore the situation and these are the results we get.

I need not remind you, Mr. Speaker, that two years ago the government attempted to impose a 5 per cent increase in personal income tax on Canadians, and it was only when it was defeated in the house that the Minister of Finance of that time came back with a measure that imposed a 3 per cent increase in income tax on personal income and a 3 per cent increase in corporation tax. They had no idea of imposing the 3 per cent increase in corporation tax until the 5 per cent increase in personal income tax was defeated in the house.

Last year we had the great social development tax of which the minister seems to be so proud and which came into effect at the beginning of this year. We are dealing with that tax in this measure. Last night, as I say, he had the opportunity to show that he had learned something as he climbed the ladder of success from poor boy to one of the top rungs by rescinding the social development tax, but he did not do so.

The second area of this bill deals with insurance companies. One can say without hesitation that insurance companies in this country have had an unfair advantage over the years in regard to taxation. A slight improvement is being made in this legislation, and one hopes that this is only the beginning in making the insurance companies pay their fair share of corporate taxes.

One appreciates that the government has created regulations to determine what is business income. I might point out that this is at variance with the late Mr. Carter's proposals, in that they are much more administratively complex in determining what is income. Up to this time the investment income of the insurance companies has not been taxed, but now they will have a 15 per cent tax imposed on their investment income.

You have heard me speak many times, Mr. Speaker, about the actions of insurance companies, and you have heard me say that they

have not accepted any social responsibility in the performance of their function within the Canadian economy. I have pointed out on different occasions that they are one of the institutions which should guarantee a steady flow of money in the mortgage field to take care of the housing needs of Canada. Last Wednesday when I spoke on the housing legislation I emphasized that last year the insurance companies invested less in mortgages than they had in previous years. In other words, they are determined to get out of the mortgage field and into the equity field thereby leaving a big gap with regard to filling the need for mortgage money in Canada.

I was really sad when I read the statistics issued by Central Mortgage and Housing Corporation which indicate that up to the month of April of this year there has again been a sharp decline in the amount of money invested by insurance companies in housing mortgages. May I read part of the statistical report. It says that the activity of other institutional lenders has declined over the past several months from 64,700 units in January to 26,300 units in April, the lowest level so far this year. In other words, the banks have been picking up the slack with regard to mortgage moneys. The statistics indicate that up to the end of April this year mortgage moneys advanced by insurance companies declined 61 per cent compared with the similar period last year. This demonstrates the lack of social responsibility on the part of the insurance companies. These are but two of the reasons why we in the New Democratic party will not support Bill C-191.

• (3:20 p.m.)

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

Some hon. Members: No.

Mr. Speaker: All those in favour 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:

Division

Mr. Speaker: Call in the members.

The house divided on the motion (Mr. Benson) which was agreed to on the following division:

• (3:30 p.m.)

YEAS

Messrs.

Allmand
Anderson
Badanai
Basford
Béchard
Benson
Blouin
Borrie
Boulanger
Breau
Brown
Cadieux (Labelle)
Cafik
Cantin
Chrétien
Clermont
Comtois
Corbin
Côté (Longueuil)
Crossman
Cyr
Davis
Deachman
De Bané
Drury
Dubé
Duquet
Émard
Forest
Forget
Francis
Gendron
Gervais
Gibson
Gillespie
Givens
Goode
Goyer
Gray
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Harries
Hellyer
Hogarth
Hopkins
Howard (Okanagan Boundary)
Hymmen
Jamieson
Kierans
Lachance
Laing
Lang
Langlois
Leblanc (Laurier)
Lefebvre
Legault
Lessard (LaSalle)
Loiselle
Macdonald (Rosedale)
MacEachen
MacGuigan
Mackasey
McIlraith
Mahoney
Marchand (Langelier)
Mongrain
Morison
Munro
Noël
Olson
Orange
Osler
Otto
Pelletier
Pilon
Portelance
Prud'homme
Reid
Richardson
Roberts
Rochon
Rock
Roy (Timmins)
Ryan
Serré
Sharp
Stafford
Stanbury
Stewart (Cochrane)
Sulatycky
Sullivan
Tolmie
Trudeau
Trudel
Turner (London East)
Watson
Weatherhead
Whelan
Whiting
Yanakis—101.

NAYS

Messrs.

Alkenbrack
Barnett
Beaudoin
Bell
Benjamin
Bigg
Burton
Carter
Code
Comeau
Crouse
Danforth
Diefenbaker
Dinsdale

Division

Dionne
Douglas (Nanaimo-Cowichan-The Islands)
Dumont
Fairweather
Flemming
Forrestall
Fortin
Gilbert
Godin
Gundlock
Hales
Harkness
Hees
Howard (Skeena)
Howe
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Lambert (Edmonton West)
Laprise
Latulippe
Lewis
Lundrigan
MacEwan
MacInnis (Mrs.)
MacLean
Macquarrie
McCleave
McCutcheon
McGrath
McIntosh
McKinley
McQuaid
Mather
Matte
Mazankowski
Monteith
Muir (Cape Breton-The Sydneys)
Nesbitt
Nystrom
Paproski
Peddle
Ricard
Ritchie
Rodrigue
Rondeau
Rose
Rynard
Saltsman
Schreyer
Schumacher
Scott
Skoberg
Skoreyko
Stanfield
Stewart (Marquette)
Thomas (Moncton)
Thompson (Red Deer)
Winch
Woolliams
Yewchuk—75.

• (3:50 p.m.)

Mr. Speaker: I declare the motion carried.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Béchard in the chair.

The Deputy Chairman: Order. House in committee of the whole on Bill C-191, to amend the Income Tax Act.

On clause 1—*Insurance policy proceeds.*

Mr. Benson: Mr. Chairman, I simply want to indicate to the committee that there are a series of amendments to this bill. I have provided the table with copies of the proposed amendments as well as the house leaders and financial critics of the parties opposite. I have additional copies if anyone desires them. There will be an amendment to clause 1 that I should like to have moved. There will also be an amendment to clause 2. These amendments have been supplied to hon. members and there are additional copies if they would like them.

Mr. Knowles (Winnipeg North Centre): Did the minister send these amendments by mail?

Mr. Benson: No. As a matter of fact I gave them to your financial critic yesterday.

[Mr. Speaker.]

Mr. McIlraith: I move:

That Bill C-191, an act to amend the Income Tax Act, be amended by renumbering clause 1 on page 1 as subclause (1) of clause 1 and adding immediately after line 16 on page 1 the following subclause:

"(2) Paragraph (c) of subsection (5) of section 7 of the said Act is repealed and the following substituted therefor:

'(c) in satisfaction of the rights of the taxpayer under a life annuity contract, as defined by regulation, that was entered into before June 14, 1963 except to the extent that the amount so received exceeds the aggregate of

(i) the value of his rights under the contract on the second anniversary date of the contract to occur after October 22, 1968, and

(ii) the aggregate of premiums paid by the taxpayer under the contract after the said second anniversary date.'"

Amendment agreed to.

The Deputy Chairman: Shall clause 1 as amended carry?

Some hon. Members: Carried.

Clause as amended agreed to.

On clause 2—

Mr. McIlraith: I move:

That Bill C-191, an act to amend the Income Tax Act, be amended by renumbering clause 2 on page 1 as subclause (1) of clause 2 and by adding immediately after line 6 on page 2 the following subclauses:

"(2) Paragraph (m) of subsection (1) of section 11 of the said Act is repealed and the following substituted therefor:

'(m) where a taxpayer is an insurance corporation, such amounts in respect of payments made or credits allowed by the taxpayer to its policyholders as are permitted by section 74;'

(3) Subsection (3b) of section 11 of the said Act is repealed and the following substituted therefor:

'(3b) For greater certainty, it is hereby declared that where a taxpayer has used borrowed money

(a) to repay money previously borrowed, or

(b) to pay an amount payable for property described in subparagraph (ii) of paragraph (c) of subsection (1) previously acquired, the borrowed money shall, for the purposes of section 85J and paragraph (c) or (d) of subsection (1), be deemed to have been used for the purpose for which the money previously borrowed was used or was deemed by this subsection to have been used, or to acquire the property in respect of which the said amount was so payable, as the case may be.'"

Amendment agreed to.

The Deputy Chairman: Shall clause 2 as amended carry?

Some hon. Members: Agreed.

Clause as amended agreed to.

On clause 3—

Mr. Skoberg: Mr. Chairman, on a point of order, is there any opportunity for other members of the committee to have copies of these amendments?

Mr. Benson: I just offered to supply the amendments. I have sent some over and I have more here if anybody would like them.

Mr. Skoberg: I object to this type of parliamentary procedure. We are voting on something we know absolutely nothing about.

Mr. Benson: Mr. Chairman, as I indicated, yesterday or the day before, I provided copies of the proposed amendments to the financial critics of the opposition parties.

Mr. Winch: We also happen to be members of parliament.

Mr. Douglas (Nanaimo-Cowichan-The Islands): We are in the committee of the whole house. Each member must bear his own responsibility. The minister should make sure that all members have copies and the question ought not to be put until they have copies and the minister has explained the amendment concerned. It is all right for the Solicitor General; he does not need to know what is going through the committee, and he seldom does. But the rest of us would like to know what is going on.

Mr. McIlraith: I move:

That Bill C-191 be further amended

(a) by striking out lines 7 to 20 on page 2 and substituting the following:

"3. (1) Subparagraphs (i) and (ii) of paragraph (b) of subsection (1) of section 18 of the said Act are repealed and the following substituted therefor:

'(i) the amount so unpaid shall be deemed to have been paid by the taxpayer and received by that person on the first day of the said third taxation year and section 47, except subsection (3) thereof, is applicable to the extent that it would apply if that amount were being paid to that person by the taxpayer; and

(ii) that person shall be deemed to have made a loan to the taxpayer on the first day of the said third taxation year in an amount equal to the amount so unpaid minus the amount, if any, deducted or withheld therefrom by the taxpayer on account of that person's tax for the said third taxation year.'

(b) by striking out line 27 on page 2 and substituting the following:

'salary, wages or other remuneration in respect of an office or employment is'; and

(c) by striking out lines 8 to 20 on page 3 and substituting the following:

'47, except subsection (3) thereof, is applicable to the extent that it would apply if that amount were being paid to that person by the taxpayer; and

(ii) that person shall be deemed to have made a loan to the taxpayer on the first day of the said second taxation year in an amount equal to the amount so unpaid minus the amount, if any, deducted or withheld therefrom by the taxpayer on account of that person's tax for the said second taxation year.' "

Mr. Benson: If hon. members ask me to comment on a particular clause I shall be pleased to do so. This amendment is simply to clarify the clause. It is a technical amendment to make sure that people do not get taxed on too large an amount.

Amendment agreed to.

The Deputy Chairman: Shall clause 3 as amended carry?

Some hon. Members: Carried.

Clause as amended agreed to.

On clause 4—

Mr. Benson: Mr. Chairman, I have an amendment to clause 4 that I should like to have moved.

The Deputy Chairman: Order. I am quite ready to read the amendment but it is about 11 or 12 pages in length.

Mr. Benson: The amendment to clause 4 is very short.

Mr. McIlraith: I move:

That Bill C-191 be further amended

(a) by striking out lines 24 to 27 on page 4 and substituting the following:

"by the taxpayer, before 1974 and during the taxation year of the taxpayer in which the vessel is disposed of or within 4 months from the end of that taxation year, under conditions satis-"; and

"such re-assessments of tax, interest or penalties."

(b) by striking out line 35 on page 6 and substituting the following:

Amendment agreed to.

Clause as amended agreed to.

Clauses 5 to 7 inclusive agreed to.

On clause 8—*Special table.*

Mr. Ritchie: Mr. Chairman, would the committee revert to clause 6?

On clause 6—

Mr. Ritchie: Clause 6 refers to a rocking bed for poliomyelitis victims. May I point out to the minister that these beds might be used by persons other than poliomyelitis victims, and an injustice might be done to certain people who require these beds but who are

not afflicted by this condition. Is this provision only to describe the bed?

• (4:00 p.m.)

Mr. Benson: Mr. Chairman, we have not heard of this bed being used for other purposes. The primary purpose is to describe the type of bed so that it is not confused with other kinds of beds. We shall be looking at this matter to see if we need changes in the wording. I think it is a matter of administration. The section really tries to describe certain beds which are to be used for certain purposes.

Clause agreed to.

Clauses 8 to 14 inclusive agreed to.

On clause 15—*Mutual insurance corporations.*

Mr. Benson: I have a rather long amendment to have moved here, Mr. Chairman. It seeks to determine the income of insurance companies to be taxed. There has been consultation on this matter and agreement has been reached.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Chairman, does the amendment represent any change in policy from that inherent in the original, unamended clause.

Mr. Benson: No, Mr. Chairman. It does not.

Mr. McIlraith: I move:

That Bill C-191 be further amended

(a) by striking out lines 13 and 14 on page 17 and substituting the following:

"the immediately following year under its participating"

(b) by striking out line 44 on page 17 and substituting the following:

"holder or would be so required to be included therein but for the exception contained in that paragraph with respect to a registered retirement savings plan or a registered pension fund or plan, and"

(c) by striking out line 30 on page 20 and substituting the following:

"dividends or stock dividends in respect of shares in the"

(d) by striking out the word "and" in line 39 on page 20, and by striking out line 2 on page 21 and substituting the following:

"insurance policies in Canada,

(d) ½ the aggregate of amounts that, by virtue of this subsection, have been added to the taxable income of the insurer otherwise computed under this Part in computing its taxable income for taxation years before the year,

(e) if the insurer has made an election under subsection (9) in respect of the year, the lesser of

(i) the aggregate of dividends and stock dividends in respect of shares in the capital stock of

[Mr. Ritchie.]

the insurer paid by it in the year out of property other than property used by the insurer in the year in, or held by it in the year the course of, carrying on an insurance business in Canada, or

(ii) the amount of tax for the year paid by the insurer to the government of a country other than Canada under the income tax laws of that country out of property other than property used by the insurer in the year in, or held by it in the year in the course of, carrying on an insurance business in Canada,

(f) if the insurer has not made an election under subsection (9) in respect of the year, the lesser of

(i) that proportion of the aggregate of dividends and stock dividends in respect of shares in the capital stock of the insurer paid by it in the year that

(A) the insurer's gross investment revenue for the year (except such part thereof as is required by subsection (9) to be included in computing its income for the year)

is of

(B) the insurer's gross investment revenue for the year, or

(ii) the amount of tax for the year paid by the insurer to the government of a country other than Canada under the income tax laws of that country, and

(g) the aggregate of all amounts determined under paragraphs (e) and (f) in respect of the insurer for taxation years before the year."

(e) by striking out lines 35 to 39 on page 21 and substituting the following:

"for the year, the amounts required by paragraphs (b) and (c) of subsection (4) to be included in computing such income, and the amounts determined under subparagraphs (ii) and (iv) of paragraph (p) of subsection (12) for the period ending with the year shall be determined in accordance with prescribed rules."

(f) by striking out lines 45 to 47 on page 22 and substituting the following:

"assets and liabilities (including reserves of any kind)

(i) as of the end of any taxation year before its 1968 taxation year, were the amounts thereof determined for the purposes of the relevant authority, and

(ii) as of the end of its 1968 taxation year, were,

(A) in respect of depreciable property as defined in section 20, the capital cost thereof as of the first day of its 1969 taxation year,

(B) in respect of policy reserves, the insurer's maximum tax actuarial reserves for its 1968 taxation year for life insurance policies issued by it in the course of carrying on its life insurance business in Canada, and

(C) in respect of other assets and liabilities, the amounts thereof determined as of the end of that year for the purpose of computing its income for its 1969 taxation year;"

(g) by striking out lines 1 and 2 on page 24 and substituting the following:

Life insurance policy

"(f) 'life insurance policy' includes an annuity contract and a contract all or any part of the insurer's reserves for which vary in amount depending upon the fair market value of a specified group of assets;"

(h) by striking out line 35 on page 24 and substituting the following:
Property used in the year

"(3) of section 7;

(m) "property used in the year in, or held in the year in the course of" carrying on an insurance business in Canada does not, in relation to a non-resident insurer, include assets owned by the insurer in the year that

(i) became "assets in Canada" within the meaning given that expression in section 120 of the Canadian and British Insurance Companies Act or in section 2 of the Foreign Insurance Companies Act, and

(ii) but for

(A) section 127 and subsection (1) of section 133 of the Canadian and British Insurance Companies Act, or section 12 and subsection (1) of section 25 of the Foreign Insurance Companies Act, as the case may be, and

(B) a decrease in the fair market value of the insurer's assets in Canada other than those referred to in subparagraph (i),

would not have become "assets in Canada" within that meaning, except to the extent that such assets would have been required by the Canadian and British Insurance Companies Act to be retained in Canada and under the insurer's control if

(C) the insurer had been a resident of Canada registered as such under that Act, and

(D) the reference to 'Canadian securities' in subsection (1) of section 85 of that Act were read as a reference to "securities;" : and

(i) by re-lettering paragraphs (m) to (p) on pages 24, 25 and 26 as paragraphs (n) to (q) respectively.

Amendment agreed to.

Clause as amended agreed to.

Clauses 16 to 19 inclusive agreed to.

On clause 20—*Amounts included in computing policyholder's income.*

Mr. Benson: Mr. Chairman, I have a lengthy amendment to this clause to have moved. It seeks to clarify the provisions of the clause as they currently exist.

Mr. McIlraith: I move:

That Bill C-191 be further amended

(a) by striking out line 26 on page 28 and substituting the following:

"policy (other than a policy that is a registered retirement savings plan or that is or is issued pursuant to a registered pension fund or plan) all or any part of the insurer's"

(b) by striking out lines 28 and 29 on page 29 and substituting the following:

"holder;"

(c) by striking out line 4 on page 30 and substituting the following:

"increase."

(d) by striking out lines 1 to 4 on page 34 and re-lettering paragraphs (c) to (i) on pages 34 and 35 as paragraphs (b) to (h), respectively; and

(e) by striking out line 5 on page 35 and substituting the following:

"interest in a life insurance policy means".

Mr. Winch: Mr. Chairman, it would help us greatly if the minister would explain the intention of this amendment.

Mr. Benson: I have just done so, Mr. Chairman.

Mr. Rynard: Mr. Chairman, could the minister clarify the differences between non-participating and participating policies? What does the government consider taxable income in this regard? Will it tax funds left to accumulate under participating policies? Will those moneys be taxed when the policies expire, or how is this to be done? How will that tax be levied?

Mr. Benson: Mr. Chairman, basically in enacting this legislation we have worded it so as to protect and exclude from investment income tax the income in the company's hands coming from non-participating policies, since these policies were written on the basis that there will be no participation by the individual. They are written with fixed interest rates in mind. Such policies, therefore, are to be excluded from investment tax, or from considerations with respect to investment income. With respect to participating policies, the participant usually pays a premium and participates in investment income. The Carter Commission proposed that such investment income when paid to the individual in the form of dividends ought to be accrued to his benefit and taxed then in his hands. We looked very carefully at these proposals and decided they would be unwieldy to operate because it would mean that individual records would have to be kept of all those who must pay tax. Those records would have to include amounts of cash paid or received, and so on. As an alternative we decided to levy a tax on the investment income of the corporation but to exclude certain portions of that investment income in the process. As I said, in order to protect with respect to non-participating policies written at fixed premiums and in order to protect registered policies, where policyholders need protection, our legislation has been carefully drafted. Investment income will be taxed after expenses relevant to that investment income have been deducted. Those expenses are ones the company incurs in earning the investment income and include items such as certain carrying costs, certain selling costs and part of the administrative

costs of the company. Then, when investment income is determined, it is taxed at the rate of 15 per cent which, incidentally, is about the lowest tax rate on our present tax scales.

The dividends distributed out of that investment income to policyholders are not taxable in their hands, no matter whether those dividends are distributed in cash or credited to them. They are not taxable in their hands. After dividends are deducted from investment income an amount remains from which the company deducts the balance of its operating expenses. It pays tax on this net income, as does any other corporation. This provision applies to mutual and stock companies.

Mr. Winch: Could I ask the minister to clarify something, Mr. Chairman? May I cite my own case as an example. I have a 20 pay life insurance policy which was paid up 10 or 15 years ago. I have never drawn out the dividends, nor the interest on the dividends. Will I have to pay tax on the accumulated money under this legislation? If so I will immediately draw out my money. Will this legislation be retroactive? Will I have to pay a tax on future interest earned? I wish the minister would clarify this. If he does not I shall get in touch with my insurance company tomorrow and take my money out.

Mr. Benson: Mr. Chairman, my hon. friend gave a good example. I advise him not to do what he is thinking of doing. We have not made this type of legislation retroactive. As a matter of fact, the value of the policy will be computed on the second anniversary after the date of the budget. That is, it will be two years after October 22. Any moneys accumulated under the policy to that date will be non-taxable. Even in those cases where one buys life insurance and continues that life insurance in force, there will be no tax on that money in the hands of the individual, if he holds the policy until death.

• (4:10 p.m.)

This does not affect previous policies. It only affects policies which are cashed in following the second anniversary date after October 22. Say a man buys a policy at age 50, makes payments on it until he is 65, and then decides to cash it in. If he gets an amount of money back which is greater than the cost of the policy to him, it is income in his hands. It is really interest in his hands, and that is taxable. But no one need feel that they are going to lose by keeping the policies they have.

[Mr. Benson.]

Mr. Winch: I am sure the minister is going to help a lot of people with the information he is giving now, but I would like one further explanation. Could the minister explain, if one takes the cash surrender value of a policy, whether that amount of money is taxable?

Mr. Benson: Under present circumstances for policies held up to two years from the budget date—no. What happens in the future from that date on is that if you have insurance and you pay premiums on the insurance policy, and get dividends to offset them, you may end up with a cash surrender value ten years later that is $500 more than the policy value as determined at the two year calendar date, plus all net premiums, and if the cash surrender value is greater than those two the tax is on the difference which is realized by the individual at the particular time he cashes his policy.

To take a simpler example, if you were to start fresh now and went out and bought a policy at age 20 and held it until age 50, a policy for $10,000 face value, which is worth $7,000 at the time you cash it in, then if you had paid only $6,000 in premiums and took the cash surrender value of $7,000, the $1,000 difference would be taxable in your hands. Only the investment increment realized by the individual is taxable in his hands.

[*Translation*]

Mr. Beaudoin: Mr. Chairman, there is a point which is not clear to me. It is the amendment which reads as follows:

—by striking out line 26 on page 28 and substituting the following:

'policy (other than a policy that is a registered retirement savings plan or that is or is issued pursuant to a registered pension fund or plan) all or any part of the insurer's'

I think it is about a policy in which there is the additional clause 79B included in the former legislation. Is not the difference in the cost of the premium taxed according to section 79B of the former legislation, and is it necessary to tax the amount of the pension of the policyholder according to this amendment?

[*English*]

Mr. Benson: The reason for this part of the amendment is that we are trying to segregate from the investment income of the companies, retirement policies of individuals which are retirement savings policies. Just as we do not tax retirement savings plans until the recipient gets the money in a pension benefit,

whether it be through mutuals, trust companies and so on, we want to treat the insurance companies in the same manner. We also want this for the individuals who buy registered retirement savings plans through an insurance company. The premiums paid on such policies are deductible by an individual, and we want to treat them the same as we treat other retirement pension plans.

[*Translation*]

Mr. Beaudoin: The question I ask myself, Mr. Chairman, relates to the insurance premiums which the policyholder must pay before getting his pension because it is agreed that these premiums are not taxable. But when he gets his pension, if it exceeds the cost of the premium, how will it be taxed? Is this included in the tax?

[*English*]

Mr. Benson: What happens here is the same as with any pension plan. The individual pays into it. If it is a registered retirement savings plan, which is what we are talking about in this amendment, it is just the same as a pension plan. The individual may deduct his contributions to the plan for tax purposes, but when he receives benefits on retirement the entire benefits are taxable in his hands. It works exactly the same as a pension plan.

Mr. Rynard: I am wondering about the case of a whole life policy bought for one of the partners in a corporation or company. The premiums are paid by the corporation, and when the man retires at age 65 there is no further need for insurance on his life. What becomes of this policy? How is it distributed, and what about the dividends?

Mr. Benson: First of all the dividends would not be taxed. They are not taxed on any policies. We are not taxing dividends; we are using the other method I described earlier. With respect to a policy of the kind that the hon. member is talking about, if it were taken out tomorrow, I have explained the method of evaluation. If the policy went on until the man was 65 and the policy was then surrendered for its cash surrender value, the amount of income realized by the corporation, or the people holding the policy—it might not be the corporation, it might be other shareholders—would be the difference between the premiums paid and the cash surrender value received at that time.

Mr. Rynard: In other words, if the cash value was less than the amount paid in there would be no problem of taxation at all?

Mr. Benson: No problem whatsoever.

Amendment agreed to.

Clause as amended agreed to.

On Clause 21—*Receipts for exploration or drilling rights included in incomes.*

Mr. Burton: Does the minister consider that this now places oil and gas companies on the same basis as other operating businesses so far as the scope of this section of the act is concerned? Second, are there any further amendments planned, and is the minister in a position to indicate what they may be with respect to the taxation of oil and gas companies? Third, does he feel that this fulfils the intent and the spirit of the Carter Commission report with respect to oil and gas companies?

Mr. Benson: Mr. Chairman, this is a very general question and one that I am not at liberty to answer at the present time, or at least until my white paper is prepared and I disclose to the house what our intentions are with respect to tax reform. It is a very interesting question but I do not think I should express opinions in this regard at the present time while we are contemplating our tax reform and white paper which, as I mentioned last night, I hope to get out this summer.

Mr. Burton: I take it we can safely conclude from the minister's answer that the white paper has not been completed, but can he answer the question whether he considers these amendments carry out the spirit and intent of the Carter Commission recommendations?

• (4:20 p.m.)

Mr. Benson: This amendment is intended to stop people from selling oil properties, becoming non-resident and not paying taxes on the proceeds they receive. This is not a general clause having to do with anything beyond that.

Clause agreed to.

Clauses 22 to 24 inclusive agreed to.

On Clause 25—*Acquisition of depreciable property.*

Mr. Benson: There is an amendment to this clause, Mr. Chairman. It is simply to add the words "re-assessments of tax, interest or penalties shall".

Income Tax Act

Mr. McIlraith: I move:

That Bill C-191 be further amended by striking out line 21 on page 44 and substituting the following:

"re-assessments of tax, interest or penalties shall"

The Deputy Chairman: Shall the amendment carry?

Some hon. Members: Agreed.

Amendment agreed to.

Mr. Burton: Does the minister consider that this amendment changes the long term revenue yield to the government with regard to the scope of this clause?

Mr. Benson: Mr. Chairman, would the hon. member indicate to which clause he is referring?

Mr. Burton: Clause 25, which I believe is the one we are on.

Mr. Benson: This is really to clarify what happens after recent court decisions. It does not produce additional revenue but does make sure that we get the revenue to which we are entitled over a period. In effect it allows the capitalization of interest during construction rather than writing it off as an expense during that time. Then it is written off as the property is written off over a period of time. It does not involve additional revenue.

Clause as amended agreed to.

Clause 26 agreed to.

On Clause 27—*Social development tax.*

The Deputy Chairman: Shall clause 27 carry?

Mr. Knowles (Winnipeg North Centre): The answer to your question, Mr. Chairman, is no. We do not think clause 27 should carry. This is the clause which would bring into effect the social development tax which the minister announced last October and which he has been collecting since January 1 of this year. Last night the minister brought down a new budget. There were things in it which will be talked about when we get around to them. There were some things that we had hoped would be in it which were not there. One of the disappointments to me was that the minister seemed to forget he had given assurance that all representations made to him regarding taxation matters would be considered. We had hoped, and I think the hon. member for Notre-Dame-de-Grâce, the hon. member who is the minister's Parliamentary Secretary, and a few others on the government side of the house, also hoped something would be done about the position that old pensioners are in, particularly those who receive the guaranteed income supplement.

These people are required by the terms of the Income Tax Act to pay income tax if they are between 65 and 70 years of age on the portion of their guaranteed income supplement that puts them in a bracket over $1,100. They must pay the basic rate of income tax that is provided for the first $1,000 of taxable income which I believe is 11 per cent. They must on top of that pay 4 per cent for the old age security fund and now, if clause 27 of this bill passes, will have to pay another 2 per cent tax on that amount of money. We think this is grossly unfair and adds insult to injury. I see the minister looking around him. He wonders where his troops are in case a vote is called. We are getting the rest of our members in too. Yes, there will be a vote on this clause so we might as well ring all the buzzers and get the members in.

The night before last the minister tried to tell us that this is a reasonable kind of tax, that it is a premium and so on, and we are wrong in calling it regressive. We think, however, that it is a most unfair tax in all respects. In particular, it is one which has a great effect on the position of the old age pensioners who are required to pay it. We think this is most unfair and believe the general philosophy of this kind of tax that has a cut-off is completely wrong. The situation in respect of this tax is that you pay it only on your taxable income up to $6,000 but above that point you do not pay one cent of tax into this social development fund or whatever it might be called. We think it is just as wrong as the corresponding 4 per cent tax on the first $6,000 of taxable income for old age security. We think that the principle of graduating taxes as incomes go upward is a good one and should be followed all the way through.

We would still urge the Minister of Finance to reconsider this. He likes to pose as a modern person doing some modern thinking. I suggest that pose is completely shattered by this very regressive kind of tax which is 2 per cent on the taxable income only up to $6,000 with the result that the poor, the people in the low and middle income brackets, must pay it up to an amount of $120 but the $18,000 and $50,000 man as well as the millionaire pays only the same amount of $120 a year. We think it is completely wrong and

that this clause should be struck out of the bill.

A while ago one of my colleagues asked me—and that colleague may ask the question on the floor—what this money is used for. Well, the answer I gave my colleague is that it just goes into the general revenues of the government; it is not earmarked for any special consideration. The minister has tried to emphasize that the government puts this money into social development of various kinds, but if the provinces suggest this is money for a particular purpose and they should get it for that particular purpose the minister says no, that it is a tax that should go into the general revenue.

This is an addition to the income tax imposition by this government. In this way the federal government can get money which it does not have to pay out to the provinces and it is the kind of tax which bears most heavily on the poor. We think it is a most regressive tax. We believe the Committee of the Whole on this bill should oppose clause 27 and strike it out.

[*Translation*]

Mr. Mongrain: Mr. Chairman, with regard to clause 27, I heard the hon. member for Winnipeg North Centre (Mr. Knowles), as well as other hon. members, speak of discrimination between the rich and the poor, of the unjustifiable difference in the way millionnaires and poor people are treated. To my mind, this smacks of demagoguery, Mr. Chairman, because in the final analysis, the principle which inspired this legislation is simple and we have lived with it for many years. We are dealing here with insurance, no more no less, and almost all our social laws are based on that payment system.

For instance, whether an individual is rich or poor, he insures his house against fire; obviously, the insurance premium is the same.

If he insures his automobile against accidents or theft, the insurance premium is the same for the poor as for the rich.

The argument is also put forth that if old people do not have enough money to subsist, it is unjust to increase their tax burden. There is much sympathy for that argument because everyone knows the difficulties—especially in a period of economic austerity such as we are now going through—those who earn small salaries or who live on pensions can experience. But a truth remains that cannot be denied, and that is that the government cannot pay indefinitely without getting the money somewhere.

What astonishes me, what I find illogical, in the reasoning of the members of the opposition who oppose this measure, is that day after day we hear them in this house clamour quite often for expenditures of hundreds of millions of dollars. If we were to add up the requests made in this house, they would cost the government more than a billion dollars; but seldom are solutions or new sources of revenue suggested. Indeed, when the government tries to levy a tax, there is an outcry.

I understand that theories are put forward, by the Social Credit for instance, or by the New Democratic party which would like to socialize all our business concerns and make us believe that some Santa Claus could pop up and give the country inexhaustible sources of revenue while making it possible to distribute free money to everyone. But such promises seem to me like wishful thinking because they have not been proven up to now, if we are to judge on the basis of the failure experienced by other countries which made similar attempts.

The truth is harsh but it is obvious. One gets nothing for nothing. If we want to make a present to someone, we have to pay for it. The same principle applies to the government as to the individual. Money has to come from somewhere. Some will say "Tax the rich". A few years ago, an American politician, Mr. Huey Long and the political party to which he belonged used the catchword: "Soak the rich". What is going to happen? At a given time we will end up with a greater number of poor because the rich people will not be left with enough money to invest, to create jobs for the poor. Such truth should be obvious to those at least who do not believe too much in Santa Claus, and who have gone beyond that stage.

It is true that in the context in which we live, there is a category of Canadians who would certainly require either some supplementary assistance or relief from taxes. If we want to keep on providing them with what they get already, it certainly cannot be done overnight, through some miracle. The government certainly does not give anything for nothing. They must find money somewhere.

• (4:30 p.m.)

In this legislation, the insurance policy principle is applied: people buy an insurance policy and the premium is the same for everybody, rich or poor, whatever the insurance may be, even for welfare benefits.

I do not think this will improve the situation. From the electoral point of view, such a practice may be successful and it may be profitable to spread about that the poor and the millionaires are treated alike. But one must also say that as far as income tax is concerned, millionaires are certainly more taxed, proportionately speaking, than in most countries of North America and of the whole world—I am referring here to Canadian millionaires—and that they are affected in other fields if they are not in that one.

Besides, the millionaire will probably be the last one to use the free health service and in most cases will want to pay for special services, for he can afford to go to hospitals where he will be provided with nursing care night and day and he will probably have nothing to do with that method which puts everybody on an equal footing.

Such an accusation is stamped with demagoguery in these times. I believe this is no time for people having a sense of responsibility to allow situations like that to continue in Canada. On the contrary, we should now remind ourselves of the words that echoed throughout the whole world, the words of the late John Kennedy: In the time we live in, ask not what your country can do for you, but rather ask what you can do for your country, in the difficult circumstances the world is going through now.

It is true that all Canadians have to tighten their belts but it is thanks to that that the Canadian economy is so healthy as compared with that of other countries. It is because the government has had the courage to enforce austerity measures readily accepted by the great majority of Canadians who understood that this austerity spell required all of them to do their part of the job, a sacrifice they have indeed accepted as the outcome of the last elections has shown. It was the same party which went to the people after it had warned Canadians it would increase taxes and curtail profits in some sectors. I believe it is healthier for the future of a nation to warn its people that they will have to accept occasional sacrifices to prevent the economy from crumbling. We should try to avoid this complacent philosophy and refrain from telling the poor: "You are exploited, you get the same deal the rich do." All in all, this brings me back to the slogan I was quoting earlier: "Soak the rich, don't help the poor." Finally, we shall come to the point where there will no longer be any rich people but just poor people. At the limit, the government will have to take care of everybody.

[Mr. Mongrain.]

I know the measure is not popular but I think that under the circumstances it is justified. It should win the support of all hon. members instead of being the target of unconsidered attacks, as it was, from such a serious man as the hon. member for Winnipeg North Centre.

[*English*]

Mr. Ritchie: Mr. Chairman, I rise to support the position of the hon. member for Winnipeg North Centre. In my opinion this 2 per cent tax on income is not a good tax. Ostensibly it was levied to finance social development. It was introduced as a result of the introduction of medicare and is in effect passed on to the provinces in the form of contributions to this program.

In a sense this tax is what one might call a premium type tax in that there is an upper limit. It is debatable whether social welfare programs should be financed by this type of program. In any case this is a premium tax; therefore it should be specifically earmarked to finance social programs. This money is apparently going directly into the consolidated revenue fund.

We might find it easier to support this tax had the minister and his department, in introducing the medicare program, attempted to introduce more economies, and had they been more co-operative with the provinces by introducing programs which acted as brakes on expenditures. We might have supported these programs had they confined expenditures to limits or amounts that could be carried through shared cost programs.

This tax as introduced in this form seems to prevent the provinces from participating in such a program. Perhaps it would be the intention to absorb this tax in a more equitable way in the tax structure in the future.

Mr. Rynard: Mr. Chairman, I should like to say a few words about this measure. It is of interest that the hon. member for Winnipeg North Centre and I have arrived at the same conclusion, although by divergent roads.

Mr. Knowles (Winnipeg North Centre): You took the right road and I took the left road.

Mr. Rynard: In any event we arrived at the same conclusion on this occasion. My feeling is that when putting on this tax we should have made it sufficient to cover the cost of medicare throughout the provinces.

The second fact which stands out is that we should have first of all brought in a measure

to cover only those who are in need of medicare. This would cut the total cost of medicare by 70 per cent. Under these circumstances I am sure every province would have been happy to opt into the program. We then might have had this program two years ago, or at least a year previous to its inception. Under these circumstances we would know where the costs were being incurred and what they were, and it would not have been necessary for the minister to cut back the resources fund in respect of medicare. This, I might say, was a very disturbing step.

• (4:40 p.m.)

We should have embarked upon a program of medicare coverage for those who need it. This has not been done; instead, the government has imposed a tax that hits everyone. Those of us who practise medicine know that the poor have been looked after. Under previous medical schemes doctors as individualists have collected 70 per cent to 80 per cent of their accounts and the rest have been written off. Any doctor will tell you that this is a fact. As a matter of fact, the Minister of Finance does not need any proof of this; he knows it because he is an accountant.

We now have a situation where we are taxing those who can least afford it. They are being taxed in the same way as the millionaire. This is not just. The same principle is involved in this situation as that which applies to the old age pensioner between the ages of 65 and 70 who has to pay half his medicare costs and all his hospitalization costs. This is anti-social. The province of Ontario is now considering allowing people on welfare to perform some work without their welfare payments being affected; yet the federal government proposes to penalize people by way of this measure. The principle is wrong; these people should not be taxed any further at present tax exemption levels.

I am sure the minister has a great deal of common sense. He can get around this problem by raising the income tax exemption. He knows as well as anybody in the house that the income tax exemption was last raised in 1948. I ask hon. members to consider the cost of living today. It has risen tremendously. The cost of living index is now well over 150; in fact, it is about 160. I cannot keep track of it because it escalates so rapidly. Nevertheless, the income tax exemption has not been changed since 1948. Despite this fact, we in the house talk about social justice. I know that the minister fully appreciates the situation because he, like myself, was fortunate enough to come up the hard way and worked his way up in the world. I am sure that upon consideration he will introduce legislation which will make taxation changes that I suggest are necessary and that he knows are necessary. In the meantime, Mr. Speaker, I shall support the amendment of the hon. member for Winnipeg North Centre.

[*Translation*]

Mr. Rondeau: Mr. Chairman, the amendment before us is certainly in order, because we cannot ignore clause 104, even if the hon. member for Trois-Rivières (Mr. Mongrain) says that we are recommending a Santa Claus policy. We do not think that parliament is Santa Claus, we never said so and we do not rely on a Father Ovide policy, either.

It is unfortunate that we are unable to maintain the discussion on a higher parliamentary level, and that we have to listen to statements as stupid as these.

Mr. Chairman, the 2 per cent tax on taxable income or the $120 maximum imposed will result in those with an income of $6,000 or more paying not more than those with a lower salary.

Where, then, is the just society? In fact, there is no just society if a person earning $6,000 is treated in the same way as one who earns $10,000 or more, even though we are opposed to the principle of the present type of income tax. It is foolish to say that the government must apply the same principles as the insurance companies, that we must buy an insurance policy and pay for it.

To date, the insurance companies have shown that for the same amount of money, no government, whatever the hon. members on the Treasury benches may say, can offer a better bargain than the private companies.

This government goes astray in attempting to provide, in the place of private companies, medicare to Canadians. We know by experience that the government cannot, because of bureaucracy—and it is simple to consider that subject—offer as many benefits, and as efficiently and competently as private companies did in the past.

When the government speaks of social development with regard to medicare or other things that it intends to introduce, it is ridiculous to ignore private competition as we have always known it, and which gave us both service and efficiency.

It is also ridiculous to base social development on one tax. Nothing in this bill guarantees that this 2 per cent, this $120, will be

used for social development. Nothing tells us that that money will serve the said purposes. Nothing guarantees us that that money will be used for medicare or another project. It will be put in the consolidated revenue fund.

Last week, while another legislation was under consideration, we understood that from now on such a fund would permit greater loans through the Central Mortgage and Housing Corporation.

The proceeds from the social development tax will eventually go to the consolidated revenue fund and will be used mostly to pay increased interests on the public debt and to allow a higher interest rate on loans that may be offered in the future.

It is useless to try to persuade the hon. member for Trois-Rivières who, at one time, with his white beret crammed on his head, would have been able to understand something else, so we believed, from the point of view of social justice than what he has been preaching in the house since September. But he was wearing the beret only as a matter of form at that time.

We Créditistes, have been repeating in the house that the government must not be Santa Claus, that the government is not a private enterprise, that the government must not throw money right and left, that the government must try to stabilize the economy. When, for example, the government decides to find money for war, there is no problem. There is no question of austerity. But, in 1969, 24 years after the end of the war, the question of austerity is brought up, although it was not mentioned during the war.

As I have already said in the house, we have a policy of austerity in peacetime, a sick policy. There is a tremendous lack of money. Money is more easily found in wartime. For that reason we say that this bill is contrary to the social justice in which the government would like to have us believe, because the poor will be taxed. The largest possible number will be taxed; the government will tax the poor earning less than $6,000 in the same way as the person earning more than that amount.

As we did this afternoon, we shall vote against the implementation of that 2 per cent tax or the maximum of $120, not only because the government impinges upon the rights of private enterprise in that field, but also because it will exact more from the poor. Through that measure, people will be poor in greater numbers and, in that respect, I agree with the hon. member for Trois-Rivières.

[Mr. Rondeau.]

Unfortunately, if some day there is no more incentive for private enterprise, if the rich people find no more capital funds in their pockets to develop our country, the poor people will no longer be able to earn a decent salary.

That is the reason why we submit that there is another means to help the poor without destroying the rich. That legislation is crushing the poor more than before, without touching the rich, and we, of the Ralliement créditiste, have always argued that there is enough abundance, enough resources, enough values, enough guarantees in Canada to raise the standard of living of the poor who earn less than $6,000 a year, without affecting those who have more talent, more initiative and more money.

There is no question for us to approve legislation which will affect the rich and tax the poor still more. We are in favour of helping the poor, without discouraging those who have ambition, talent and initiative. This is why we say that in order to make real economic reforms in the country, we must go to the root of the evel and leave alone the small wage earners who are the majority in Canada, the workers whose salary is low and who must live between two periods of unemployment or two wars with welfare allowances. We must fight against the economic system affecting both the poor and the rich since now employers, employees, white-collar workers and labourers earning less than $3,000 a year are all in the same boat. It is a financial boat which does not allow the Canadian economy to thrive in peacetime. It could have done so in wartime, but debts have been made.

• (4:50 p.m.)

As for us, Créditistes, we say that if we have been able to develop Canada during the war, when the country ran into debt, it is possible to develop the same country, with the same Canadians, with a manpower that is even more skilled and a more adequate technology. It is possible to develop our country much better in peace time than in war time, but not by means of a fiscal policy of restraint which compells the Canadians to tighten their belts, as the Liberals say.

Indeed, why should we tighten our belts while stores are full and warehouses are crammed with goods, when factories are slowing down and when the province of Quebec has over 40,000 people who depend directly on social welfare or public assistance? When those families or individuals

must live on public relief, we are being told about restraint in Canada and in the nation's parliament.

I think we should pursue another policy designed to develop the country rather than proposes austerity or inflationary measures. The government wants to fight inflation but how can they do it when they are themselves responsible for it, when they themselves have brought about the crisis in relation to the cost of building materials by imposing a sales tax on such materials and by raising the interest rate on the C.M.C.H. loans?

And this same government is telling us that they want to fight inflation. This is not serious.

I say the Minister of Finance (Mr. Benson) knows what the situation is, but he is obliged to tell the house what the financiers, and not the people who elected him, ask him to say. He despises the slogan of the Liberals with regard to a just society. There will never be a just society if austerity measures are adopted, measures that force us to tighten our belts, at a time when we do not know what to do with our surpluses and with our labour, when we speak of social welfare and poverty in Canada.

Mr. Chairman, I did not want to speak too long on this clause, but I find it illogical. First of all, that money will not go into the Consolidated Revenue Fund; instead it will help the rich to grow richer and the poor to grow poorer. In addition, it constitutes a social injustice which clearly runs counter to the slogan according to which the Liberals want to achieve a just society.

As I said in this house during the debate on the address in reply to the Speech from the Throne, last year, it will only be a "just for fun" society. Today, we have proof of what I said at that time, as we read the amendments proposed to the Income Tax Act.

How many Canadians could develop the country further! We are however paralyzing those who still have some spunk. We are paralyzing those who have talents, who would like to develop them. Because, through our taxes, we will have to provide for those people who are on welfare, because the government, instead of finding employment for the workers, can only offer the security of social welfare to the poor, we find ourselves in an appalling depression.

How many young talents, how many professionals, architects, engineers, qualified people, students will come out of our universities in a few weeks and, finding nothing on the labour market, will want to seek employment anywhere in the world? The government has failed to provide an economic development policy. The more austerity there will be, the more the citizens will go abroad to seek—

The Deputy Chairman: Order. I regret to interrupt the hon. member but I do not think he is restricting himself quite enough to section 27 now before us, which deals with the social development tax. I would ask him to restrict his remarks to that section.

Mr. Rondeau: Thank you, Mr. Chairman. Indeed, social development means a lot of things.

It involves all classes of society including the father and mother, the worker, the farmer and all those who are going to be taxed under this legislation.

It means a lot of things and it is very important. That is perhaps the reason why my remarks may seem to have gone beyond the scope of the discussion, but a 2 per cent tax for those who make $6,000 a year involves quite a number of people and will affect the great majority of our Canadian people who will fail to see, in this legislation, a means towards fulfilment and development. Rather, they will say: "This is a tax-happy government, a pickpocket government; let us go and find a job somewhere else." That is why there are now in Canada so many talented people, people with initiative, who want to fly the country in quest of the social justice and social progress they cannot find in the present bill.

[*English*]

Mr. Barnett: Mr. Chairman, I think the hon. member for Trois-Rivières has been quite adequately put in his place by the eloquent speech in the French language to which we have just listened. It may be a little while before the hon. member again raises that old saw about soaking the rich to help the poor which he tried to tag on my colleague, the hon. member for Winnipeg North Centre. It should be obvious to the hon. member for Trois-Rivières that my colleague was not suggesting that anybody in this country be soaked. He was simply suggesting that there should be some reasonable measure of equity in the application of the necessary taxes which the government must levy from time to time to meet necessary public expenditures.

It seems to me that the eloquent speech to which we have just listened and the discussion in which we are now engaged are centred on two or three very short words in this bill. The words to which I am referring are "or

(b) $120". That appears to me to be the nub of the question now under debate. There might have been room for debate had the clause simply read "2 per cent of taxable income for the year as determined for the purpose of Part I". We could then have argued whether or not this was a necessary imposition of extra tax. But we would not be engaged in discussing the basic fairness of an approach to taxation such as the minister is now proposing.

• (5:00 p.m.)

My hon. friend from Winnipeg North Centre pointed out that for a long time this principle has been incorporated in the levying of taxes for the old age security fund. This limitation has been the subject of many debates in the house over the years and has been vigorously opposed, as hon. members are aware, by my hon. friend from Winnipeg North Centre and other members of our party. It is true, however, that the proceeds from this tax are placed in a special fund for a specific purpose, as hon. members opposite have often argued. By contrast, the tax we are now considering is not intended for a purpose of that kind and it is not placed in a special fund.

The label attached to this tax is, therefore, false and misleading. I say it is false and misleading because it incorporates the principle represented by the words "or (b) $120". This means that no one will pay more than this amount into the Consolidated Revenue Fund as a result of this tax, no matter how high his income may be. I thought we had made some real advance in our approach to taxation when following the defeat on third reading of another bill which would also have levied a surtax, the government was obliged to bring in an alternative surtax proposal without the equivalent of "or (b) $120". There was a 3 per cent levy on everyone according to the amount of income received, in other words, according to ability to pay. There was, too, a surtax on the taxable incomes of corporations in the same amount, without provision for a ceiling.

It is significant that in the face of a decision by this house in another parliament which forced the government to abandon the principle of placing a ceiling on tax levied under income tax principles, the first taxation bill to be brought in by the present government should reintroduce this unfair principle. Nobody in this party suggests that millionaires or anyone else should be unfairly taxed. But in a democratic society we long ago reached a consensus, I thought, that taxes should be levied in a reasonable way based on ability to pay. Clause 27 negates this principle, and the government's action in this regard is especially to be condemned because of the way in which it bears down on the lower income groups.

The hon. member for Simcoe North pointed out that the Minister of Finance could have at least mitigated the unfairness of this proposal by raising the basic exemption level. Quite frankly, I had been hoping that in the announcements made by the hon. gentleman last night something of that nature would be included. I realize we cannot at this point discuss the full implications of the minister's budget statement last evening, but I certainly agree with the hon. member for Simcoe North that if the Minister of Finance had announced his intention to raise this ceiling he might very well have taken some of the wind out of our sails as far as the discussion this afternoon was concerned—and I, for one, would have been quite happy about such a situation.

The fact is that as a result of this measure those who are living on old age security pensions plus the supplementary benefit will be obliged to pay an additional tax. The levy imposed by the income tax law is such that they have to pay back more in income tax than they are getting by way of cost of living bonus under the old age security provisions which, to some of us, at least in this party, represented an advance. I might add that in consequence of the rules under the British Columbia medical plan in connection with premiums to be contributed by those in receipt of taxable income, the people to whom I refer have lost the benefits of the lower rate under the program to the point at which those who have no incomes other than old age security pensions plus the guaranteed income supplement are actually losing money if one takes into account the difference in their payments under the medical plan as a result of the fact that their incomes exceed the level of the basic exemption.

All these things taken together lead me to conclude that we are now considering one of the most unfair pieces of tax legislation which the house has been asked to approve for a long time. For the hon. member for Trois-Rivières to get up and talk about soaking the rich to help the poor in the context of this clause at this time seems arrant nonsense to me. I suspect he is living back in the 19th century world from which we hoped all members of this house had escaped a long time ago. Apparently all the Prime Minister's

supporters are not with it at all so far as an understanding of the modern world is concerned. I do not know whether the hon. member for Trois-Rivières follows the example of the Prime Minister. Perhaps I should turn my previous statement around and suggest that the Prime Minister's thinking is just about on the level of the hon. member's when it comes to economic and social questions, and shows the same 19th century attitude.

Until the Minister of Finance made his statement last night we did not know for certain what assumptions he was making as to the budgetary position. We know now, from what he had to say last evening, that he expects a surplus. To my mind this is all the more reason for our opposing today the proposals contained in this bill, and particularly in this clause, which arise out of the minister's last budget. If the minister had been prepared to recognize that those at very low levels of income, particularly those receiving a retirement income only, are being ground into the ground by the effects of the inflation to which he refers—and certainly nothing he has indicated suggests that their position is going to be altered by what he calls his anti-inflation proposals—if he had been prepared to recognize as a matter of simple justice that in asking this house to follow through with the passage of this income tax bill he could have used some of the $250 million to rectify some of the more glaring injustices that this proposal has created, then perhaps we might have been able to let this provision pass with a somewhat clearer conscience and with less objection that some of us feel we must make to it at this stage. It all adds up to what I tried to suggest to the minister on second reading, that his whole approach is turning the concept of justice and equity in the application of necessary taxation completely upside down.

• (5:10 p.m.)

[*Translation*]

Mr. Matte: Mr. Chairman, I should like to make a few comments on this notorious social development tax.

We have before us a clause which normally involves most people, because whenever taxes are mentioned, everybody is all ears and a little anxious. In fact, we are all annoyed when we have to pay our share to administer the community.

However, those constant tax increases are, in my opinion the real causes of the economic inequalities we are experiencing now, and have known practically all our lives. Because this system is basically wrong, the recurrent solution applied is a further tax increase.

We have heard over and over again this year the old saying "Money does not grow on trees", but neither does it grow in our pockets, and this they fail to understand. It is true that money does not grow on trees, but nobody ever wakes up in the morning with his pockets full of money or seeing trees all covered up with bank-notes.

But money is only a means of facilitating trade and the distribution of goods, as we have been asserting for years. It is useless to coat the pill with new words by calling it a social development tax, for instance. The wording has been changed, since it used to be called a tax, a tax increase. But now they are trying to sugar-coat things by calling it a social development tax, so that it will be more easily accepted by the population.

I remember that during the last election campaign, the hon. member for Trois-Rivières (Mr. Mongrain) was cheered by five or six people in Saint-Casimir, in the Champlain constituency, when he said that he would increase taxes. It was the first time that I witnessed such a feat, to be cheered for promising to increase taxes.

Mr. Mongrain: Mr. Speaker, I rise on a question of privilege.

The Deputy Chairman: Order. The hon. member for Trois-Rivières rises on a question of privilege.

Mr. Mongrain: Mr. Speaker, I always knew that my friends of the Ralliement Créditiste did not know how to count. The hon. member said that five or six people heard me in Saint-Marc-des-Carrières, but there were exactly 159.

Mr. Matte: Mr. Speaker, we can see that the hon. member for Trois-Rivières is not only in favour of tax increases, but that he has a certain talent for increasing the number of people present at a meeting.

No matter how nice a simple tax increase is made to loop, the choice of words will not make it go down more easily.

We have finally found out that the social development tax represents the share of public revenues which normally goes to the provinces to help them establish medicare. It might just as well have been called the health care tax, and I presume that in the future, we will come upon other expressions to replace the word "tax".

Income Tax Act

People will finally realize that words alone are powerless and that nothing much is changed by adding "development" to "social". In order to really change a situation, we should come to grips with the causes of the economic unbalance and not just toss words around. Instead of calling it a social development tax, it would simply become Social credit.

[*English*]

Mrs. MacInnis: Mr. Chairman, this party began a fight against this clause many months ago, and the fight that we put up contributed in part to the defeat of the former government. The people of this country are in no mood to put up with this type of taxation. They may be overcome by lethargy for a while, but a great many of them hope that the government means what it says when it talks about a just society. However, they will only retain their hope for so long.

My colleague from Comox-Alberni has spoken of our strong objection to this measure in the ground that it imposes a ceiling of $120 on the tax no matter what the income of the taxpayer is. This flouts the entire principle of taxation according to ability to pay, and we are very much opposed to this tax on this ground.

• (5:20 p.m.)

The other ground which has been dealt with relates to the term "social development tax." My colleague from Winnipeg North Centre discussed the ramifications of that title, and I want to say a few words about it also. When certain people heard the term "social development tax" they were taken in, believing that the tax would be used for social development purposes. The Canada Welfare Council recommended, for instance, in its report of last January and in earlier reports also, that family allowances be raised. Recipients of the old age security pension have been complaining bitterly that the new so-called income supplement has added to their difficulties because they have had to pay tax on their increased income. That tax has added to their difficulties which have been brought on in large measure by rising living costs. I also wish to raise the question of veterans allowances. Many think that the money the government is raising with its social development tax ought to go toward increased allowances for veterans and their families.

May I also raise the question of how we are to protect our homes. When I put forward the idea in the house that we can protect homes by paying wages to mothers who otherwise would have to go out to work and enable those mothers to remain at home, hon. members displayed great amusement and scorn. Nevertheless, quite a few people are looking at this proposal because they realize that it is very sound indeed. They know that if we were to pay wages to mothers and enable them to stay home instead of forcing them to go out to work and leave their children unprotected, we would be making a good social investment. Many people believed that the social development tax would be used for programs of this type.

I say that we ought to look at family allowances. We should try to raise the old age security pension, increase veterans allowances and pay wages to mothers in the home. In the previous government hon. members and even ministers were making encouraging noises and promises. They said they would support the idea of having all Canadians enjoy a minimum guaranteed annual income. Yet what has happened, Mr. Speaker? Our people now realize that the social development tax is not a social development tax. It merely imposes a greater tax burden on those in low income groups least able to bear it. It is not a social development tax. It is a social deception tax. People recognize it as such.

After the Minister of Finance said tht he hoped to have a surplus of a quarter of a billion dollars in the coming fiscal year, I could hardly believe my ears when I heard that this so-called social development tax is to remain in force. In my opinion it is a completely unjust tax. Surely the government could have raised exemption levels if it wanted to find ways of lifting the burden of taxation from some of our people. Many of our people, including those receiving veterans allowances, old age security pensions and family allowances, do not earn enough to be taxed. Clearly increased income tax exemptions would not help them. It is in this field that taxation must be made fairer. Measures other than income tax exemptions could be used to help those in the very low income group.

[*Translation*]

The hon. member for Trois-Rivières (Mr. Mongrain) said that the opposition members consider the government as some kind of Santa Claus handing presents to all and sundry, but I wish to point out to him that Santa Claus does not start by stealing pennies from children's piggy-banks—

Some hon. Members: Hear, hear.

Mrs. MacInnis: —and deceiving them by making them believe that it will give them presents for social development and social progress.

That is precisely what this government does. It stole pennies from the poor by raising this tax, even before it was authorized by legislation. It robbed them to give them what? More taxes and an increase in the cost of living. In fact, the Minister of Finance (Mr. Benson) and the Minister of Consumer and Corporate Affairs (Mr. Basford) gave no indication that things would cost less in a foreseeable future.

[*English*]

If I could continue in French I would, but I am afraid I cannot as yet. I am more fluent in English. One of these days, though, I will become desperate and deliver an entire speech in French and hon. members will have to put up with my grammatical mistakes and unscramble my blunders. I feel most strongly on this question and I know that no matter which language the people of this country speak, they all suffer from the same problems. I am as concerned as the Prime Minister is about the language question and I support the languages bill. Nevertheless, the government ought to bring down the cost of living. It should make those best able to pay carry the greatest burden of taxation, because that is the way to national unity. You create national disunity when you discriminate against some parts of our population. If the government wants national unity in this country it had better control rising living costs and impose greater taxes on those best able to pay. We need the official languages bill, but that bill alone will not bring unity if other problems are not dealt with. The government must act on both aspects. In the meantime something must be done about the cost of living.

When we in this party talk about the need for certain universal services and ask the government not to take the backward step of applying a means test on those social services for which we fought so hard, a great hue and cry goes up on the government side of the house. Hon. members ask, "Would you give these services to millionaires?" I say, certainly I would, but I would let the computer take back any money so spent. I would take that money back in the form of income and corporation taxes which would be based on the taxpayer's ability to pay. When some of us ask, "Why not take additional taxes from our millionaires?" the cry goes up, "No, no, a thousand times no, we will not take anything from our millionaires. Our poor millionaires are groaning now under their heavy tax burden. We dare not raise their taxes."

May I refer to an article about MacMillan Bloedel, a company that operates in my part of the country, in the *Monetary Times* for June, 1969. The article says in part:

> Giant MacMillan Bloedel Co., for example, has size (1968 sales: $584.5 million), balance (lumber, pulp, paper, packaging) and international muscle.

• (5:30 p.m.)

> Though it slightly trails other west coast producers in recent earnings gains and profit margins, its first quarter net was up 39 per cent and in March, according to Chairman John V. Clyne, 67, MacMillan Bloedel had the highest operating profit in its history. The company earned $38.8 million in 1968, despite a whopping 56 per cent tax rate.

An hon. Member: There is some money, Benson.

Mrs. MacInnis: There is where the minister can get some. It is not the whopping 56 per cent tax rate that is important. The important thing about taxes is what you have left after taxes are paid. If with this whopping 56 per cent tax rate MacMillan Bloedel is still making the highest percentage profit in its history, then the taxes on MacMillan Bloedel are too low. I warrant that the same thing is true of a great many other corporations in Canada.

We do not want to soak the rich. We want to soak the people of this country according to what they can bear in the way of soaking. Taxation should be a way of collecting fairly and distributing fairly the cost of the goods and the services we need. The Carter Commission report, which has been pigeonholed and is gathering a lot of dust, enshrined a mighty good taxation principle, namely, fairness according to ability to pay. Sooner or later that report will have to come out of its pigeonhole. When the people of Canada realize that unfairness is going to continue they will become very upset about this legislation and other pieces of legislation like it.

I receive dozens of letters each day. I do not know what kind of letters the minister gets from his constituents, but this one that I got this morning is typical of most letters I receive. It is from a veteran and it reads in part:

> What most people need is more money and it makes it hard on old age pensioners. It is hard on them when prices are out of line and the stores are raising prices every time there is the least increase in wages. But pensions don't rise. I have no idea what will happen but one thing is sure: it can't continue this way much longer.

High level commissions, boards, task forces, reviews of policy and all that sort of thing will not prevent people much longer from seeing what is happening. People must have the assistance they need.

We in this corner of the chamber make no apology for having carried on this fight so strongly. We have carried it on ever since this retrogressive step was first taken, now a couple of years ago or more. We want it labelled a regressive step. It is a deception tax. We want the minister to reverse his course and adopt the principle of taxation according to ability to pay outlined in the Carter Commission report. If he will do that he will really be flexing the muscles to good purpose that he attempted to flex last night.

You cannot fight inflation with the nickels and the dimes of old age pensioners, children and other people on social welfare assistance. If you want to fight inflation you have to collect the revenue where the revenue is and impose controls where controls are needed. If the minister will do that there will be some hope of getting some kind of just society and of retaining the people's faith in democratic government.

[*Translation*]

Mr. Latulippe: Mr. Chairman, it is with pleasure that I rise to say a few words on Bill C-191, and especially on the clause respecting the social development tax which should be called the antisocial tax, because it is for the citizens a burden that deprives them of purchasing power when they do not even have enough of it.

It is a deceitful tax. They have used rather familiar terms to make the people believe that it is really a tax to help society, to give it more stimulus, when it will have quite the opposite effect.

This tax deprives society of its purchasing power when it has not enough already; moreover, it will be used mostly, as the hon. member for Shefford (Mr. Rondeau) said, to replenish the consolidated revenue fund and to pay increased interest rates. It will be used mostly to pay the increase in the interest rate on debentures that are renewed at the higher rate.

I am wondering how this government can do everything while it has a clear majority that should enable it to help society. It does not find anything else to do but to cause trouble.

It is not by increasing interest rates and the cost of living that we will be able to check inflation which is precisely due to the increased interest rate, one of the main causes of inflation.

Inflation is caused by 20 per cent of the people, while 80 per cent are in a state of deflation. And everybody is put on an equal footing. They say that inflation is created by everybody, but it is paid for by those who are in a state of deflation.

The present government is leading us into bankruptcy. It could find other sources of revenue instead of taxing the little people, the poor, instead of reducing the purchasing power of those who already do not have enough.

• (5:40 p.m.)

A great number of people pay taxes—I say this to the Minister of National Revenue (Mr. Côté)—and are compelled, for this purpose, to borrow on a promissory note at an interest of 10 and 12 per cent from banks or credit unions. I have endorsed many promissory notes to help people get the money needed for their taxes. I, myself, have borrowed from financial institutions to pay my taxes.

The people have no money and cannot pay more taxes; yet, the government taxes increasingly. The economic imbalance is getting worse, and this creates new problems for the people.

The financiers get rich by means of exorbitant and unreasonable interest rates, since they reduce the purchasing power which should be increased as production increases. The gross national production increases—it will increase by 5 and perhaps even by 6 per cent this year—but the purchasing power of the people decreases. Now, if the gross national production increases, the personal income should also increase.

The government is doing exactly the opposite and the solutions proposed are more trouble than we ever had before. While we are in a period of full prosperity, we should build, because anything that is physically possible should be financially possible.

There are a considerable number of programs or developments that we could carry out, but on account of the austerity system, social development is being hindered and the government has the nerve to tell the people: We are imposing a social development tax. It is the most hypocritical and ignominious tax ever seen in a country.

Communist tricks, and tricks from countries behind the iron curtain are being used to make the people believe that they are

being helped, whereas, at the present time, they no longer have enough to live. Nowadays, people lack the necessities of life. Those who enjoy a decent standard of living have to borrow money at the rate of 10, 12 and even 24 per cent. The people live on borrowed money and get deeper into debt every day.

The financiers who charge interests of 10, 12 or 24 per cent get richer all the time, in order to have more money to loan the people and get them deeper into debt, in short, to reduce to nothing any progress they make from day to day. In fact, that progress, under the form of savings, goes into the pockets or the bank accounts of those who control credit, because such people have enough power to cash in on any development. They are exploiting developments for their own benefit and at the people's expense.

Let us look at the reports of the financial tycoons. They are making $1½ billion or $1¼ billion in profits which they take from the people's pockets, from labour, from people's savings and properties. They appropriate all that to themselves. The government has no say in the matter. It is an accomplice. It only gets deeper involved in this shocking barbarity which throttles the people and deprives them of a living.

It is claimed, as I said a while ago, that people have two or three cars, but all those cars are financed by loans at 10, 15 and even 24 per cent interest. Government has nothing to say about that. There is talk of inflation while people are destitute. Has the Minister of Finance understood the meaning of the word "inflation"?

The cost of living is increasing while it should be going down, as it would if we had a government able to balance the economy. Our government is the first responsible for the rise in the cost of living with its taxes of all kinds. This is what it is doing when it should cause the cost of living to go down by lowering, for instance, the interest rate. There is some talk of fixing prices, of fixing this or that, but no mention is made of a ceiling on interest rates. Those rates are allowed to rise and they want to fix prices on the grounds that industries or businessmen are taking advantage of the people.

Tradesmen do not take undue advantage of the people. There are some exceptions, but in general, people are not exploited by industrialists but rather by finance and governments at every level.

Indeed, provincial governments are allowed to borrow money at a rate of interest of 9 or 10 per cent and the federal government refuses to interfere. They let provincial and municipal governments borrow money on foreign markets and give away our inheritance. Everything is handed over to foreigners, because the government does not want to assume its responsibilities which, after all, are not so dreadful.

The federal government could authorize the provincial governments to borrow on the basis of the administration charges instead of having them pay a 10 per cent interest as a result of which, provincial governments are deep into debt. They overtax the people and this goes beyond all logical, normal and social bounds.

Everything is bungled on account of this system. This bungling extends throughout Canada. The economy is unbalanced and the more we apply the old solutions, the more we are unbalancing our system which is on the road to ruin. And if we bankrupt the people, our governments will also be bankrupt.

They said: "We will levy taxes and the citizens will borrow at any rate of interest to pay them." Who cares. As the hon. member for Vancouver-Kingsway (Mrs. MacInnis) said a while ago: "Money does not grow on trees"; but it does not grow either in the taxpayers' pocket. Taxpayers are compelled to borrow to obtain some and then, they run into debt which they cannot repay. It is on those loans that the government is levying taxes. Taxes are levied on debts and loans and nothing else. The government could find other sources of income to finance its requirements and run the economy. The more the system will be applied, the more taxes we will have to impose, because as we go along, federal and provincial deficits get bigger.

There is an attempt to balance federal and provincial budgets by upsetting the budget of individuals. Is that a solution, Mr. Finance Minister? Tell us. Do your bills and budget contain any solution? Are there reasonable, practical proposals? No, there are not any. The proposals that are made will continue to upset the economy and increase the poverty of the people who are already more than poor, destitute, in debt up to the hilt, and already paying three times more than they can afford.

It is even impossible to pay the interests on debts. The federal government is unable to pay the interests on its debt. Individuals cannot pay the interests on their own debts, and interests on government debts, at all levels. It is impossible. That cannot work.

The hon. member for Trois-Rivières has never understood anything about that. He says that money does not grow on trees, that we must get it from the pockets of citizens. Has the hon. member for Trois-Rivières a formula to put money back into the pockets of taxpayers? You know how to get the money, not how to give some back. You will never find a way. I do not know why the hon. member for Trois-Rivières cannot understand the economic situation.

I do not know whether it is from partisanship or self-interest, but he ignores the whole population, their poverty and their hardships, and he pays no heed to the forthcoming revolution which will soon be upon us because we have not kept our eyes open and have not taken up our responsibilities.

That is where we are going. The so-called social development tax should be abolished. It should be replaced by a dividend to be paid to every citizen. This would be a welcome measure, seen from another angle, if the minister were to say: A 2 per cent discount or dividend will be paid to all workers earning less than $6,000. The minister would then be commended.

Never in the history of the old parties, Grits and Tories alike, have they thought of that. And those who suggest it are considered fools, unfamiliar with logic, and walking on their head instead of on their feet.

In my opinion, those who walk on their head instead of on their feet are the two old parties that have led us to our downfall since confederation. Canada is doomed, it is on the brink of bankruptcy. As a matter of fact, the citizens, the municipalities, the provinces, everybody is on the verge of bankruptcy. This is where you have led us, dear representatives of the old parties, Liberals and Conservatives, who are applying the same solution. You never wanted to do anything else but to embarrass us and to walk upside down.

• (5:50 p.m.)

[*English*]

Mr. Nystrom: Mr. Chairman, first I should like to make a few points that I do not think have been made so far in the debate. I was both shocked and astounded last fall when the Minister of Finance brought in the so-called social development tax. I was shocked and astounded because I think it is one of the most regressive types of taxation he could possibly have introduced. It is but one example of the type of philosophy behind the government today, a government that has this philosophy not only in the field of finance and taxation but in all other areas and jurisdictions.

I must also say that I was mildy amused but somewhat horrified by the remarks made by the hon. member for Trois-Rivières. I must say that I find it difficult to understand his position even though he may actually believe what he said. It is no wonder that many young people in our society are becoming very frustrated with the way things are going. It is no wonder they are feeling restless. They want many social and economic changes. They want equity, they want equality of opportunity, and they want some say over the way their lives are going and over the decisions that are being made in our society. So I must say I was quite appalled when I heard the member from Trois-Rivières make some of the statements he made in the house today.

I have made the comment that the social development tax is very regressive. It is a 2 per cent tax on taxable income up to $6,000. A person with a taxable income of $6,000 pays just as much as members of parliament who make $18,000 a year. He also pays as much as a person who is the president of a huge corporation and makes $50,000, $60,000 or $100,000 a year. This is a regressive tax, and it is especially so in light of the poverty in Canada, with western farmers merely subsisting in many cases. This is something that should not be happening in today's society.

As a matter of fact, I believe this tax represents the Robin Hood theory in reverse, when we take money from the lower and middle income classes in this way. It is a very regressive tax and should be removed immediately.

What is social development? We have to develop our country in many ways socially, but we should not do it by imposing a tax upon the people in the lower and middle income groups. We should do it by providing these people with opportunities to improve their lot, to escape from poverty, and by giving them cultural and academic opportunities. We are not doing that.

I often ask what the priorities of the government are. What are they? Are they human priorities or are they materialistic priorities? The Minister of Finance, for example, brought down a budget last night and forecast a surplus of $250 million. In view of that fact he should have removed this tax. If he did not want to do that he could have done many other things. He could have helped the

western farmers through some kind of an emergency plan. He could have invested some of this money in some of the economically depressed areas of the country. But this was not done.

With regard to reform of the tax system, I know the hon. member for Vancouver-Kingsway made a number of comments on this matter earlier this afternoon. We must have radical reforms in the taxation system. Today, in many cases we have essentially a system of socialism for the rich and free enterprise for the poor. Huge corporations and many of the rich people, through various ways and means, are getting off without paying their fair share to their country. After all, in a democracy, all the people should contribute as much as they possibly can for the betterment of one another.

I know that in my own constituency of Yorkton-Melville, for example, there are many people who cannot afford to pay an extra $120 in so-called social development tax. I think the hon. member for Vancouver-Kingsway was right in calling it a social deception tax because these people cannot afford to pay it. They are confronted with an agricultural crisis. Many of our people are on old age pensions. Many of them are workers in unskilled jobs who just cannot afford to pay this tax while other people with higher incomes get away at a much lower rate.

As I said in the beginning, this is most indicative of the type of government we have today. I think it is basically a small "c" conservative government. It is a government that is forcing the low and middle income people to make many sacrifices because the members of the government are afraid to stick out their necks and ask for money from the huge corporations and the millionaires in this country.

There is a great need to implement many socio-economic reforms in this country, and we cannot afford to take regressive steps like this tax. We cannot afford to do so because the people are not going to put up with this kind of thing forever. The people are naturally going to rebel; they are naturally going to become very frustrated and lose more and more of their faith in the government. We have to do these other things if we want national unity in our country. The languages bill is not enough. We have to do more than that.

I appeal to the Minister of Finance to consider seriously wiping off the books his so-called social development tax.

At this time, Mr. Speaker, I should like to call it six o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, I wonder whether I might, for the benefit of hon. members, give some indication of our intention in respect of the business for tomorrow. There is some expectation that the Income Tax Bill might be dealt with by the house by tomorrow afternoon. On that assumption, it would be our intention to call first item No. 63, the report stage of Bill C-183, to establish the Export Development Corporation, to be followed by No. 66, the report stage of Bill S-29 with respect to oil and gas conservation and, thereafter, No. 64, the report stage of Bill C-184 with respect to Telesat Canada. We hope to complete the third reading of these bills tomorrow by consent, if possible, or failing that, on Friday. If that business is disposed of we will then call Item No. 84, the second reading of Bill C-202, with respect to area development incentives.

MESSAGES FROM THE SENATE

Mr. Deputy Speaker: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate have passed Bill C-102, an act to amend the Patent Act, Trade Marks Act, Food and Drugs Act without any amendment. Also, a message has been received informing this house that the Senate have passed Bill S-35, an act to amend the Canadian and British Insurance Companies Act, and other statutory provisions related to the subject matter, with certain amendments to which the concurrence of this house is desired.

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

HOUSE OF COMMONS

Thursday, June 5, 1969

The house met at 2 p.m.

ROUTINE PROCEEDINGS

EXTERNAL AFFAIRS AND NATIONAL DEFENCE

Eighth report of Standing Committee on External Affairs and National Defence—Mr. Wahn.

THE BUDGET

AGREEMENT AS TO TIME ALLOTMENT FOR DEBATE

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, following a statement earlier this week there have been certain discussions among representatives of the various parties in respect of the time to be allotted for the budget debate. I think there might be an agreement that an order of the house be made in respect of the budget debate on this occasion, that four sitting days, namely Monday, Tuesday, Wednesday and Thursday, inclusive, be allocated for this debate. If hon. members of the house are agreeable, I wonder whether this could perhaps be made an order of the house for that purpose. I suggest that four sitting days, namely Monday, Tuesday, Wednesday, and Thursday, June 9 to June 12, 1969, inclusive, be designated for the consideration and disposition of the motion of the Minister of Finance (Mr. Benson), regarding the budget, and any amendments proposed thereto.

Perhaps it would also be agreeable that on Tuesday, June 10, 1969, at 9:45 p.m., Mr. Speaker shall interrupt the proceedings and forthwith put every question necessary to dispose of any amendment or subamendment, if any, then before the house. It is proposed that on Thursday, June 12, 1969, at 9:45 p.m., Mr. Speaker, shall interrupt the proceedings and forthwith put every question necessary to dispose of the said motion, and that no member, except the Minister of Finance (Mr. Benson), the member speaking first on behalf of the opposition, the Prime Minister (Mr. Trudeau), and the Leader of the Opposition (Mr. Stanfield) shall speak for more than 20 minutes at a time in the budget debate; provided that 30 minutes shall be allowed to the first spokesman of each of the two other parties, and that in relation to this order the provisions of Standing Order 60 be suspended.

If there is general agreement, perhaps that could be adopted as an order of the house.

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I just want to say on behalf of the official opposition that this suggested order meets with our approval and agreement.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, it is always a pleasure when these agreements are reached, particularly in the peripatetic way in which we sometimes accomplish them, to rise and indicate confirmation. In this case, however, this agreement is acceptable, except in respect of one point. The last time I was involved in the consultations, the time for the lead-off speakers of the third and fourth parties was to be 40 minutes. Somewhere along the line ten minutes have been lost. I would prefer the agreement as it stood the last time I was consulted.

Mr. Macdonald (Rosedale): Mr. Speaker, I am not sure how that shortcoming occurred, but I would be prepared to extend the time by ten minutes if the house is generally in agreement.

Mr. Speaker: Hon. members have heard the suggestion proposed by the President of the Privy Council (Mr. Macdonald). Subject to the amendments recommended by the hon. member for Winnipeg North Centre (Mr. Knowles), is it so ordered?

Some hon. Members: Agreed.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

AMENDMENTS RESPECTING CERTAIN DEFINITIONS AND SUBSTITUTIONS

Hon. Mitchell Sharp (for the Minister of Finance) moved the first reading of Bill S-35 (from the Senate), to amend the Canadian and British Insurance Companies Act, and other statutory provisions related to the subject matter of certain of those amendments.

Motion agreed to and bill read the first time.

• (2:10 p.m.)

ORAL QUESTION PERIOD

NATIONAL DEFENCE

NATO—POSSIBLE EARLIER USE OF NUCLEAR WEAPONS BECAUSE OF CUT-BACK IN CANADIAN FORCES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I would like to ask the right hon. Prime Minister a question. In view of his concern to do everything feasible to avoid nuclear conflict—a concern which is shared by all members of the house—could he give us his reaction and the reaction of his government to the indications given by the British and United States Secretaries of Defence that a cut-back in contributions to NATO would create a need for the earlier use of nuclear weapons by the NATO forces in the event of conflict?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not see how the logic of that argument could apply to the Canadian decision. If NATO were to withdraw completely its conventional forces, perhaps the proposition would be sustainable; but there is no suggestion on the part of this government or other members of NATO that we cease to provide conventional means of warfare. If, in our case we are trying to establish a kind of participation in NATO on a conventional basis, this, precisely because it is conventional, would not increase the danger of nuclear warfare.

Mr. Stanfield: For clarification, Mr. Speaker, I should like to ask this question. I am sure the Prime Minister understands that the suggestion is that the reduction in conventional forces would create a need for the earlier use of nuclear weapons. Am I to understand that the Prime Minister regards that as an invalid position on the part of the Secretaries of Defence of Great Britain and the United States, and that the government of Canada does not propose to review its decision in view of these indications?

Mr. Trudeau: Mr. Speaker, it is difficult to see the logic of this argument, which is based on the fact that we are reducing, or hoping to reduce, our nuclear commitments, that this would increase the danger of nuclear warfare.

[Mr. Sharp.]

COMBINES

REQUEST FOR ACTION TO CURB TAKEOVER OF FIRMS BY FOREIGN CORPORATIONS

Mr. David Lewis (York South): Mr. Speaker, may I address a question to the Minister of Consumer and Corporate Affairs. In view of reports of a very substantial increase in 1968 in the takeover of Canadian firms by American and other corporations, and in view of the very substantial increase in the number of mergers within Canada, would the minister now consider proposing legislation to strengthen the anti-merger and anti-monopoly sections of the Combines Investigation Act without waiting for the report of the Economic Council?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, the report to which the hon. member refers arises from a study released either this morning or last night—I am not quite sure when it was released; I received it this morning—carried out for the Economic Council on foreign takeovers in Canada. It is a statistical analysis based upon information provided by the combines investigation branch from their merger register. As the press release of the Economic Council of Canada, issued on June 3, says, they will be shortly publishing, I hope this month, a report on competition policy in Canada which I expect will deal with the whole question of mergers. As I said in my statement in committee the other day when my estimates were being considered, I have already set in motion within the department machinery to recieve the report and to revise the Combines Investigation Act as quickly as possible.

I think my position on that is clear. I think it would be most unwise for parliament to deal with a revised Combines Investigation Act until it has the report of the Economic Council of Canada on the subject.

Mr. Lewis: I have a supplementary question, Mr. Speaker. I cannot say I disagree with what the minister said, but I should like to ask him whether, in view of what he has said, he would consider tabling a copy of the study and of the report of the combines investigation branch to the Economic Council of Canada, and also arrange for tabling the merger register itself or the parts of it that are relevant to this discussion.

Mr. Basford: I am not sure of the procedure for tabling the study done for the Economic Council of Canada. Copies are easily

available to any member of the house and to the public.

As to tabling the merger register of the combines branch, I think that of equal value to hon. members, to economic analysts and to the academic community, is the analysis published yesterday by the Economic Council which contains the significant figures taken from the merger register.

Mr. John Burton (Regina East): Mr. Speaker, I have a further supplementary question for the Minister of Consumer and Corporate Affairs. In view of the statements made by the director of the combines investigation branch regarding the recent pattern of mergers and take-overs, does the branch also have information on the number of firms which are left to be taken over?

FINANCE

NATIONAL SECURITIES COMMISSION—CONSULTATIONS WITH PROVINCES

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a related question for the Minister of Consumer and Corporate Affairs. Can the minister tell the house what success he is having in his consultation with the provinces with respect to national securities legislation. Perhaps the minister can also tell the house which of the provinces are objecting to the minister's proposed legislation.

Mr. Speaker: I wonder whether the hon. member would not be inclined to agree with me that the question he is asking now requires a statement which should normally be made on motions.

Mr. McGrath: Mr. Speaker, in the light of your observation, would the minister give consideration to making a statement on motions before the house adjourns for the summer recess, to clear up some of the ambiguities that exist in this matter with respect to the provinces.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): There are no ambiguities whatsoever. We are proceeding with the discussions with the provinces, which involve a high level of good feeling and co-operation. I expect in due course to be able to announce government policy on this.

[*Translation*]

HOUSE OF COMMONS

INQUIRY AS TO ADDITIONAL CLERK ASSISTANT

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I have a question for the President of the Privy Council.

In view of the heavy workload to be carried out by the clerk of the house and his assistants, does the government intend to appoint an assistant clerk who would help them out? If so, when does it propose to do so?

Hon. Donald S. Macdonald (President of the Privy Council): Yes, Mr. Speaker, the matter is under consideration and we hope it will be possible to name somebody in the near future.

[*English*]

CONSUMER AFFAIRS

KENNEDY ROUND—PASSING ON OF LOWER PRICES TO CONSUMERS

Hon. George Hees (Prince Edward-Hastings): I have a question for the Minister of Consumer and Corporate Affairs. Would the minister, at the earliest possible moment, make a statement to the house on motions outlining what steps the government proposes to take to ensure that those who handle goods on which tariffs are reduced by the budget brought down on Tuesday night will pass on the benefits of these reduced tariffs in their entirety to the consumers of this country in the form of lower prices, and so make it possible to ensure that the end in view of helping to control inflation and the rising cost of living may be realized?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, since the policy of accelerating tariff reductions under GATT was agreed upon I have been holding discussions with my officials to establish the proper kind of machinery within the department to ensure that, where savings by reason of these reductions can be passed on, they will in fact be passed on to the consumers of Canada. I hope to have something more to say in a definitive way on this shortly.

UNITED NATIONS

CYPRUS—MAINTENANCE OF CANADIAN CONTINGENT IN FORCE

Hon. D. S. Harkness (Calgary Centre): Mr. Speaker, I have a question for the Secretary of State for External Affairs. Has the Canadian government agreed to continue for a

further six months the maintenance of the Canadian contingent in the United Nations force in Cyprus?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I am not certain whether that decision has yet been made, but certainly it is the intention of the Canadian government to agree to such a proposal.

Mr. Stanfield: That is quite a sentence, if you analyse it.

Mr. Harkness: I have a supplementary question, Mr. Speaker. Is the size of the Canadian contingent to remain the same, or will there be any reduction or increase in it?

Mr. Sharp: It is our hope that there will be a reduction.

FLOODS

TRAIL, B.C.—ANNOUNCEMENT OF FEDERAL CONTRIBUTION TO DISASTER FUND

Mr. Harold E. Winch (Vancouver East): My question is directed to the Minister of Public Works, Mr. Speaker. I believe this is the day upon which it is anticipated an answer will be given in connection with federal aid to the City of Trail in respect of flood damage. Is the minister now in a position to make known the results of the cabinet's consideration of this important matter?

Hon. Arthur Laing (Minister of Public Works): I am pleased to tell the house that the Government of Canada has decided to make a contribution of $200,000 to the Trail disaster fund. We are earmarking it for the private sector, whether business premises or private homes. I think the house will be interested in knowing that total private losses have now been assessed as $1,150,000, and our contribution will make possible a distribution in that area of $931,000, which I think is a generous underwriting.

Mr. Thomas S. Barnett (Comox-Alberni): May I ask a further supplementary question with regard to the situation at Trail in order that the record may be clear. Can the minister tell us what the other $731,000 expenditure by the federal government in the Trail area entailed?

Mr. Laing: I was referring earlier to the total amount to be distributed to the private sector. The $731,000 is the contribution made by the Province of British Columbia and the private subscription which was contributed, and which reached a sum, I believe, of $100,000 or $120,000.

[Mr. Harkness.]

LUMSDEN, SASK.—SHARING IN COST OF DAMAGE PREVENTION

Mr. Les Benjamin (Regina-Lake Centre): Could the minister advise the house whether the federal government will also be sharing in the cost of preventing flood damage—and by this I do not mean what may be done under the Canada waters legislation; I refer, for example, to the cost of sandbagging and all the other costs incurred by the town of Lumsden in Saskatchewan. Has the hon. gentleman received requests for assistance in this regard and will the government be sharing these costs?

Hon. Arthur Laing (Minister of Public Works): Mr. Speaker, the Government of Canada has a long record of making contributions in this regard, in the Manitoba area, in the Fraser Valley and in other areas under the Canada Water Act legislation, as well as by special agreement with the provinces. The hon. member makes particular reference to Saskatchewan. Action with regard to the situation there has been delayed only because as yet no full assessment of the loss incurred has been available.

HIGHWAYS

CALGARY MEETING ON PAVING OF ALASKA HIGHWAY

Hon. Mitchell Sharp (Secretary of State for External Affairs): On May 28, Mr. Speaker, the hon. member for Calgary South asked whether the United States government had requested permission of the Canadian Government for a congressional sub-committee to hold public meetings in Calgary on June 19 on the subject of paving the Alaska highway.

The Canadian Government has been informed by the United States authorities that a sub-committee of the United States House of Representatives wished to make arrangements for an informal exchange of views on the subject of paving the Alaska highway with interested businessmen and local officials in Calgary, Alberta, on June 19, 1969. The informal discussions proposed are not intended to constitute a public hearing.

AIR TRANSPORT

FLIGHTS OF SOVIET AIRCRAFT OVER CANADIAN COMMERCIAL AIR LANES

Mr. W. B. Nesbitt (Oxford): I have a question for the Secretary of State for External Affairs, Mr. Speaker. Has the Government of Canada made strong representations to the

Soviet Union protesting the flights of Soviet aircraft over commercial air lanes near the Province of Newfoundland, bearing in mind the great risk to life and property caused by these military manoeuvres on or over routes used for international flights?

Hon. Mitchell Sharp (Secretary of State for External Affairs): The Canadian government did make representations to the government of the Soviet Union to that effect.

Mr. David Lewis (York South): May I ask the Secretary of State for External Affairs whether Canada or her allies engage in air manoeuvres which may take planes fairly close to the boundaries of some other country, particularly the Soviet Union?

Mr. Sharp: I doubt very much whether they would fly in such a way as to interfere with international civil aviation, which is the problem here.

Mr. James A. McGrath (St. John's East): Do these flights of Soviet aircraft near the coast of Newfoundland bear any relation to the proposed visit of the Premier of Newfoundland to the communist People's Republic of China?

Some hon. Members: Oh, oh.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether he has received any response from the government of the Soviet Union as a result of his protest and if he has received any response, what the response was.

Mr. Sharp: Mr. Speaker, as I recall the exchange, when we drew the attention of the Soviet government to the possibility that these flights might interfere with the safety of international civilian aviation, I think the response was that the planes were flying over international waters.

THE MINISTRY

WINNIPEG—ALLEGED STATEMENT BY PRIME MINISTER

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, my question is to the Prime Minister. Yesterday the Prime Minister expressed his belief in the cabinet system of government and stated, as reported at page 9730 of *Hansard*:

—I for one have great confidence in my ministers.

I would ask the Prime Minister whether he was expressing that confidence when he said to a Winnipeg audience: "Big deal! James Richardson—I believe you should have somebody better"?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I never said anything of that kind.

Mr. MacInnis: On a point of order, Mr. Speaker, if that be the case I suggest to the Prime Minister that he take up a question of privilege with the *Globe and Mail.*

Mr. Speaker: Order, please.

[*Translation*]

FINANCE

REQUEST FOR LOANS TO MUNICIPALITIES

Mr. Bernard Dumont (Frontenac): According to the press release sent to us by the Prime Minister's office, the Prime Minister told the delegates of the Canadian Federation of Mayors and Municipalities, and I quote:

We know the programs and activities of the federal government have an increasing effect on the development of our cities—

Could the Prime Minister tell us whether the government of Canada could grant the municipalities loans of $500,000, as the one he has just made to Algeria this very day?

Mr. Speaker: I think the question asked by the hon. member could easily be put on the order paper.

[*English*]

FISHERIES

REQUEST FOR POLICY STATEMENT FOLLOWING MEETING WITH SALT FISH COMMITTEE

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct a question to the Minister of Fisheries. In the light of the minister's announcement of the formation of a salt fish advisory committee, will the minister, following his meeting with this committee in St. John's on June 12, make a statement in the house in regard to his department's policy on the salt fish industry?

Hon. Jack Davis (Minister of Fisheries and Forestry): I will certainly give the matter consideration, Mr. Speaker, but any such announcement would have to be after our first meeting with the committee on June 12.

Inquiries of the Ministry

Mr. John Lundrigan (Gander-Twillingate): A supplementary question, Mr. Speaker. May I ask the minister whether, after the meeting on June 12, he would give consideration to broadening the representation on the committee to include areas such as the Labrador fishery, which is presently omitted?

Mr. Davis: Mr. Speaker, my understanding is that the Labrador fishery is adequately represented but I will take into account as well any suggestions that my hon. friend has.

PUBLIC BUILDINGS

POSSIBILITY OF CONSTRUCTION POSTPONEMENT FOLLOWING BUDGETARY PROPOSALS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, may I ask the Minister of Public Works whether, in view of the policy of the government, announced by the Minister of Finance the other evening, to try to discourage construction of office buildings in some 22 Canadian cities for the next two years, the Department of Public Works is considering postponement of any of its own building programs in those cities?

Hon. Arthur Laing (Minister of Public Works): Mr. Speaker, there has been a considerable cut-back in federal government building in recent years, as my hon. friend knows. We will pursue a policy of good business. At the present time we are paying a very large sum of money for rentals, amounting I think in Ottawa alone to $18 million. We have the situation under review at the present time. If we can build buildings and bring about a situation where the rates quoted us are more competitive, then I suggest to my hon. friend we would be practising good economy, and this is what we intend to do.

Mr. Stanfield: A supplementary question, Mr. Speaker. I am not being argumentative; I just want to understand the minister. Is he suggesting that there is one rule of good sense for the government and a different rule of good sense for business—

Mr. Speaker: Order.

Mr. Stanfield: —and that the same reasons that might influence the government to go ahead with its plans would not prevail in the private sector?

Mr. Speaker: Order, please. The hon. member says he does not wish to be argumentative, but his supplementary question sounded that way.

[Mr. Davis.]

CANADIAN BROADCASTING CORPORATION

MONTREAL—REQUEST FOR STATEMENT OF INTENTION RESPECTING NEW BUILDING

Mr. A. D. Hales (Wellington): Mr. Speaker, may I direct a supplementary question to the Minister of Public Works. Is it the intention of the government to proceed with construction of the C.B.C. building in Montreal? It is to cost $66 million.

Mr. Speaker: The hon. member for Broadview.

Some hon. Members: Answer.

Mr. Speaker: Order please. The hon. member has asked his question but the minister does not answer.

Hon. Arthur Laing (Minister of Public Works): The minister, sir, wishes to reply. I might inform the hon. member that that building is not being built by the Department of Public Works. It is being built by the C.B.C.

Some hon. Members: Oh, oh.

Mr. Hees: That's hairsplitting.

Mr. Hales: May I direct a supplementary question to the Secretary of State, Mr. Speaker. Will he advise us if the C.B.C. is to proceed with its new building in Montreal?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): According to the last reports, Mr. Speaker, the C.B.C. has not indicated that it intends to suspend the work in progress.

[*English*]

NATIONAL CAPITAL

HULL, QUE.—POSSIBILITY OF REVIEW OF EXPANSION PLAN FOLLOWING BUDGETARY PROPOSALS

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, may I direct a supplementary question to the Minister of Regional Economic Expansion. Since, as evidenced by the minister's recent statement about National Capital Commission plans, Ottawa and Hull are being considered together for purposes of planning and construction, will the minister say whether certain aspects of the government's new anti-inflationary policy will be reconsidered, since that policy now places Ottawa at a distinct disadvantage vis-à-vis Hull in this respect?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I do not think Ottawa is under any disadvantage with respect to what is to be done in Hull. I think there is a strong imbalance between the two cities. We are going to develop Ottawa as much as we can at the same time as we develop Hull.

ADMINISTRATION OF JUSTICE

AID TO VICTIMS OF CRIME—INCLUSION OF YUKON AND NORTHWEST TERRITORIES

Mr. John Gilbert (Broadview): Mr. Speaker, my question is directed to the Minister of Justice. Since most provinces of Canada have passed legislation making provision for compensation to victims of criminal violence, and since the minister has undertaken to discuss this matter with attorneys-general in August, will he consider drafting a model bill to cover the Yukon and Northwest Territories so that the bill can form the basis of discussion with regard to this problem in those areas?

Hon. John N. Turner (Minister of Justice): Well, Mr. Speaker, I would consider that, but I am not too sure that it does not already lie within the power of the Commissioner of the Northwest Territories do to so under ordinance.

CONSUMER AFFAIRS

KENNEDY ROUND—PASSING ON OF LOWER PRICES TO CONSUMERS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question arises from an answer given earlier by the Minister of Consumer and Corporate Affairs. His answer was to the effect that any reductions in the prices of commodities which enter Canada as a result of our adoption now of certain Kennedy round tariff reductions will be passed on to the consumer. In other words, the consumer will benefit. Will he tell the house how so novel and unusual a plan can actually be carried into effect? What authority has the federal government to so direct? Will he tell us whether the provinces have been consulted in this connection? Are they willing to co-operate in order to ensure that the consumer shall benefit?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, the purpose of the action announced on Tuesday, by my colleague the Minister of Finance is to increase competitive pressures among a certain range of goods in Canada. As I said previously, I will be making a more definitive statement shortly. We want to be sure that these competitive forces are in fact at work. The situation it seems to me is not much different from that which prevailed when the former Minister of Finance removed the sales tax from pharmaceutical drugs. We set up machinery to be sure that any decrease in sales tax at the manufacturing level would be passed on.

Mr. Diefenbaker: May I ask the minister, Mr. Speaker, if the government intends to bring in legislation saying that where any company importing goods into Canada does not pass on price reductions consequent on the removal of the tariff, action will be taken against such person or company?

Mr. Basford: Well, Mr. Speaker, I will be saying more on this subject later. Whether legislation is to be introduced at some future time will depend on actions in the private sector.

Mr. Diefenbaker: The government has not such power.

PUBLIC WORKS

CANCELLATION OR POSTPONEMENT OF PROJECTS OUTSIDE OTTAWA

Mr. John Burton (Regina East): Mr. Speaker, my question is for the Minister of Public Works. Has there been any cancellation or postponement of any Public Works projects outside the Ottawa area, but included in the original estimates tabled for 1969-70? If so, would the minister be prepared to tell us what these are?

Hon. Arthur Laing (Minister of Public Works): Mr. Speaker, the entire field of projects for the department is under review at the present time and I would not be prepared today to indicate where we will stop or start.

Mr. Burton: A supplementary question, Mr. Speaker. Can hon. members of the house take it, then, that the government in fact has given consideration to the cancellation or postponement of some Public Works projects?

Mr. Speaker: Order please. The question as asked is argumentative.

Inquiries of the Ministry

HOUSING

NEWFOUNDLAND—FEDERAL PARTICIPATION IN LAND ASSEMBLY AND OTHER PROGRAMS

Mr. Walter C. Carter (St. John's West): Mr. Speaker, my question is directed to the Minister without Portfolio responsible for housing. Is he in a position to answer the question I asked in the house yesterday concerning the announced land assembly and public housing project in St. John's, Newfoundland.

Hon. Robert K. Andras (Minister without Portfolio): Mr. Speaker, in December, 1967, the government of Canada entered into an agreement with the Newfoundland and Labrador Housing Corporation which provided for 75 per cent federal participation in the land assembly or acquisition of approximately 850 acres of land in the Mount Pearl area of greater St. John's. The estimated cost of the land is $1,275,000. There has been some discussion between officials of C.M.H.C. and those of the provincial housing agency with regard to a further cost-sharing arrangement for the development of the first part of these lands.

With regard to the larger project the hon. member referred to yesterday, no formal application has been received by us yet.

Mr. Carter: A supplementary question, Mr. Speaker. Can the minister inform us of the present status of certain urban renewal schemes which are being considered. In particular I am thinking of the Mundy Pond urban renewal scheme in St. John's West.

Mr. Speaker: Order please. I wonder whether it is in order for hon. members to ask about individual urban renewal schemes. I have some doubts about this.

NATIONAL CAPITAL

REQUEST FOR PARLIAMENTARY COMMITTEE TO REVIEW BUILDING PROGRAM

Mr. Barry Mather (Surrey): Mr. Speaker, may I direct a question to the Minister of Regional Economic Expansion. In asking my question I am considering another question asked a few minutes ago with regard to the expenditure of moneys on public buildings. Since I think we all welcome the announcement that there are to be large expenditures for buildings in the National Capital area and since there is a need for economy, as evidenced by the budget speech, will the minister do what he can to expedite the formation of a parliamentary committee on National Capital matters so that it may concern itself with these matters?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Yes, Mr. Speaker.

CONSUMER AFFAIRS

SUGGESTION BY LOBLAW PRESIDENT TO BOYCOTT BEEF PURCHASES

Mr. James A. McGrath (St. John's East): Mr. Speaker, may I direct a question to the Minister of Consumer and Corporate Affairs. Has his attention been drawn to a statement made by the President of Loblaw Groceterias asking consumers to boycott beef, since the price of steaks and roasts has increased by 40 per cent in the last four weeks?

Mr. Speaker: Order please. The hon. member asks whether the minister's attention has been directed to a statement. I think the question as asked is out of order.

Mr. McGrath: Mr. Speaker, may I rephrase the question. What is the Minister's department doing about the substantial increase in the price of beef in the last four weeks?

Mr. Speaker: Order please. I think this type of question ought normally to be considered at the time of adjournment.

Mr. McGrath: On a point of order, Mr. Speaker. This matter is of urgency to all consumers across the country. There has been a 40 per cent increase recently in beef prices.

Mr. Speaker: Order please. That is why I think the hon. member will welcome the opportunity to consider this matter at length at the time of adjournment.

Mr. McGrath: Ten o'clock, Mr. Speaker.

COMMUNICATIONS

TORONTO—DELAYS IN CABLE OFFICE

Mr. Max Saltsman (Waterloo): Mr. Speaker, on Tuesday of this week I directed a question to the Postmaster General and Minister of Communications. I wish to direct the same question to him today. I asked him whether he had received a communication from the Canada News Agency concerning long delays in the cable office in Toronto. He replied that he had not received such communication. I now ask the Postmaster General whether he has checked his office to see if he has received such communication. If so, what action does he intend to take?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): It still has not come to my attention, Mr. Speaker.

Mr. Saltsman: A supplementary question, Mr. Speaker. Will the Postmaster General undertake to see why his mail delivery is so slow, since I received a copy five days ago?

INQUIRY OF THE MINISTRY

Mr. Thomas M. Bell (Saint John-Lancaster): I wish to direct a question to the Prime Minister. Due to the fact two ministers are here today when they should not be, does this mean that the Prime Minister is weakening on his roster system? May I say, Mr. Speaker, I apologize for reporting upon these two ministers because they are very popular with the opposition.

WATER RESOURCES

OTTAWA RIVER—SUGGESTED FEDERAL ACTION TO MEET SHOCKING STATE OF POLLUTION

Hon. George Hees (Prince Edward-Hastings): I wish to direct a question to the Prime Minister and ask whether he has observed lately the shocking and even disgusting condition of pollution of the Ottawa River. If so, does he not agree the time has arrived for the federal government to initiate a comprehensive and practical national policy of anti-pollution between the provinces and the federal government to try to do something regarding this matter which is talked about, but about which nothing is done?

[*Translation*]

EXPROPRIATION

PRINCE EDWARD ISLAND—REQUEST FOR INVESTIGATION OF FEDERAL ACTION

Hon. Jean Chrétien (Minister of Indian Aflairs and Northern Development): Mr. Speaker, last Monday, the hon. member for Hillsborough raised a question concerning expropriations in Prince Edward Island. I am pleased to inform the house today that we have been in touch with the Attorney General and that we have come to an agreement on that problem.

[*English*]

INDIAN AFFAIRS

REDUCTIONS IN GRANTS TO BAND COUNCILS

Mr. Thomas S. Barnett (Comox-Alberni): I would like to address a question to the Minister of Northern Affairs and Indian Development. I ask the minister whether he is aware that actions within his department which initially encouraged band councils to assume the management of their own affairs are being seriously jeopardized by later actions to cut the amount of the grants which have been established as the rate under which the program would begin.

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I will take the hon. member's question as notice.

[*English*]

AGRICULTURE

INQUIRY AS TO STATEMENT OF POLICY

Mr. John Burton (Regina East): I wish to direct a question to the Minister of Agriculture. Can the minister indicate to the house whether the government's policy statement on agriculture expected within the next 90 days will deal solely with long term measures, or will it also report the government's policy with respect to emergency steps to be taken as recommended to this house by the agriculture committee?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I have no knowledge of any statement having been made by the government respecting the preamble to that question, therefore there can be no reply.

Mr. Burton: A supplementary question, Mr. Speaker. Can the house expect a statement from the minister before the summer recess with respect to measures to assist agriculture in the emergency situation which it is now facing?

Mr. Olson: Mr. Speaker, as has been stated over and over, the house can expect an answer with respect to these and other matters to be given in this house in the usual course.

NATIONAL DEFENCE

NATO—POSSIBLE EARLIER USE OF NUCLEAR WEAPONS BECAUSE OF CUT-BACK IN CANADIAN FORCES

Hon. Robert L. Stanfield (Leader of the Opposition): I wish to ask the Prime Minister a question relating to questions I asked him earlier in the question period. In view of the Prime Minister's difficulty in understanding the logic of the concern of the secretaries of defence for Great Britain and the United States, will the Prime Minister consult with the Minister of National Defence of this government to make certain that the concern,

and the logic of the concern of the two secretaries of defence which I mentioned, is fully understood and appreciated by the Government of Canada as a whole?

WATER RESOURCES

ESTABLISHMENT OF NATIONAL ADVISORY COMMITTEE

Mr. Mark Rose (Fraser Valley West): My question is directed to the Minister of Energy, Mines and Resources. In a sense it is supplementary to the question asked by the hon. member for Prince Edward-Hastings (Mr. Hees), as it deals with national water standards. On October 16 the minister stated that an advisory committee would be formed after consultation with the provinces. I also asked about this matter on February 25. Can the minister tell this house if to this date there has been any progress on this very important issue?

Hon. Otto E. Lang (Minister without Portfolio): The consultation with the provinces is still the issue if we are to proceed toward a committee, along the lines of the original intent. There has been no positive progress either toward a date or the appointment of the committee.

BUSINESS OF THE HOUSE

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I wish to ask the government house leader if he has anything to add with regard to the business for tomorrow?

Hon. Donald S. Macdonald (President of the Privy Council): Yes, Mr. Speaker. There is some basis for hoping that Bill C-191 will be dealt with this afternoon. If this happens, we will then call the following items at the report stage, and then for third reading. First, item No. 63, Bill C-183 with respect to the Export Development Corporation; second, item No. 66, Bill S-29 with respect to oil and gas production and conservation; third, item No. 64, Bill C-184, respecting Telesat Canada. Following those items today, or if necessary tomorrow, we propose to call item No. 84, the motion for second reading of Bill C-202 with respect to area development incentives.

On Monday we propose to call the order for the continuation of the budget debate. Pursuant to the special order made earlier, we will remain on the budget motion until Thursday.

[Mr. Stanfield.]

• (2:50 p.m.)

GOVERNMENT ORDERS

INCOME TAX ACT

The house resumed, from Wednesday, June 4, consideration in committee of Bill C-191, to amend the Income Tax Act.

The Deputy Chairman: When the sitting was adjourned yesterday, clause 27 of the bill was under consideration.

On clause 27—*Social development tax.*

Mr. Nystrom: Mr. Chairman, yesterday I was in the process of making a few remarks with regard to the government's social development tax. I had suggested to the committee that the minister should consider removing it from the bill.

I believe most Canadians will agree that the social development tax is one of the most regressive forms of legislation we have seen this year. As I have already stated, it established a ceiling of $120 on the tax. People with incomes of $6,000 will pay just as much under this new tax as those with incomes of $40,000, $50,000 or $500,000 a year. It is difficult to justify this type of taxation in our present society. When such a tax is implemented by the government, it makes people ask what kind of priorities the government has in mind or what it recognizes as being most important. It makes one wonder whether the government is giving top priority to the people, regardless of their social or economic background.

Last night I stated that this tax reminds me of a Robin Hood in reverse theory because most of the money is collected from the lower and middle income groups, while Members of Parliament, for example, with salaries of more than $18,000 a year do not have to pay any greater amount. The implementation of the social development tax emphasizes the real need in Canada for over-all and immediate tax reform in all its aspects. The hon. member for Vancouver-Kingsway mentioned a number of items that should be included in tax reform.

I ask the Minister of Finance to consider seriously taking the Carter commission report out of the wastepaper basket and looking at some of the more progressive proposals that it advocates. The government talks about inflation. How will we curb it? Will we do it by imposing a social development tax on those in the low and middle income groups who will

be hit the hardest? I do not know how it can be called a social development tax when it hits hardest those people who need opportunities to develop. Many of them live in economically depressed areas of our country. They need assistance in the field of culture, in achieving higher academic standards and so on. So once again I appeal to the Minister of Finance to consider seriously what he is doing before bringing in a tax of this sort. I appeal again to the minister to move away from the kind of philosophy the government has displayed in seeking to impose this tax.

[*Translation*]

Mr. Godin: Mr. Chairman, following the June 1968 election, the well timed arrival in the house of the present Prime Minister (Mr. Trudeau) had given rise to great hopes in many Canadians.

Following the adoption of new rules of procedure, together with the establishment of a more flexible procedure within the cabinet and a roster system designed to give ministers more free time, it was felt that deep changes were in the offing and that economic problems would at last be looked into for the benefit of the whole population. Unfortunately, an analysis of most bills which were amended and passed shows that it was only a dream.

The government has indeed dealt with some economic and financial problems. Regional disparities were pointed out and a series of bills designed to remedy those disparities were introduced and adopted. Nevertheless, for workers anxious to build their own home, for veterans who are looking for work or want to start a business, so as to end their constant shifting about, for fishermen and farmers, all the measures dealing with the working class, far from helping those people, have tied them down and made them increasingly dependent upon financial interests.

And the highlight of this session is, I think, Bill C-191 now under consideration, since it affects the taxpayers who had not been affected by the bills already mentioned. In fact, clause 27 stipulates:

> Every individual liable by virtue of subsection (1) of section 2 to pay a tax under Part I for a taxation year shall pay a social development tax for the year equal to the lesser of
>
> (a) 2% of his taxable income for the year as determined for the purpose of Part I, or
>
> (b) $120.

Mr. Speaker, the government levies a social development tax. As the fishermen's income is too low to be subject to tax, Bill C-151 throttles them with the interest rates charged on the loans they raise in order to finance their operations.

In the case of farmers, who seldom pay direct taxes owing to their exorbitant operation costs, the situation is almost the same. As a result of Bills C-110, C-111 and C-112, which allow the government to juggle with interests rates every three months, the farmers, during the next years, will obviously pay their fair share to the financiers.

Government experts had a brilliant idea: to tax development. One can remember that the idea of a social development tax had been put forward with a view to balancing the budget and was supposed to be a temporary measure only.

This temporary tax is unfortunately in the process of becoming a permanent one, just like all the others, with this difference, however, that it is still more unjust.

Many hidden taxes have become public owing to the force of circumstances, such as the sales tax, the excise tax, and import duties. All such taxes are paid by purchasers. To some degree, we have become used to such taxes.

There are also direct taxes on workers' pay. That was the fairest form of taxation, as it was determined by income. I am not thinking of the fabulous amounts that some people may fail to mention, but I am thinking of the worker who receives only part of this pay after all levels of government and various organizations have taken a share of it.

Now, under clause 27 of Bill C-191—Part IB, Social development tax—this tax is limited to $120.

Mr. Chairman, I would say that this clause smells of blackmail and haggling even.

"Social development", those are two words used to designate a 2 per cent tax that cancels out on salaries exceeding $6,000 a year. Considering that $100 more or less is of little importance to the man who earns $10,000 or more a year, and that it is a social development tax, why put a ceiling of $120 on it, Mr. Chairman?

I believe that the economist, the lawyer and those who earn $20,000 or more a year, have made more progress than the man who earns only $3,000 a year.

When the government collects $120, from the man who earns $12,000 a year and collects the same amount of $120 from the man who

earns only $6,000 a year, it has one law for the rich and one law for the poor.

Mr. Chairman, can anything be more ridiculous than to collect $100 from a man with a family who earns only $5,000 and who already lacks purchasing power? With what obscure intention can one enjoy imposing such an unjust tax?

In view of the fact that the Canada Economic Council has established that a family whose income is less than $5,000 is living in poverty and that 75% of Quebec families earn less than $4,000 a year, why persist in collecting money from workers who already lack the basic necessities?

When we know that the personal debts, the finance loans of Canadians reach $3,500 per home, without considering mortgages, why overtax these people? Why tax low income groups who are not even solvent and with whom the Central Mortgage and Housing Corporation refuses to deal?

This is rather strange, Mr. Speaker. Under the pretext that his income is insufficient, the person earning less than $6,000 a year will be turned down by Central Mortgage and Housing Corporation when he asks for a loan with a view to building a house. But this very same citizen remains solvent in the eyes of the Minister of Finance (Mr. Benson) as regards paying taxes.

There are tax increases, sales taxes, an 11 per cent tax on building materials, and when the government has taken right and left and has multiplied taxes of all sorts, the Minister of Finance makes statements like the one appearing in *Hansard* for June 3. The minister would have us believe too often that he does not know exactly why prices have risen.

Mr. Chairman, the Minister of Finance does not seem to know that two and two are four. If he cannot add, he surely has a talent for acting.

It is quite easy to ignore that taxes are added to the price of goods, but this Minister of Finance had plenty of nerve to disclose his plan of attack which consists in uniting all possible forces, public and private, to fight more aggressively than ever against inflation.

Mr. Chairman, is it possible to ask nearly 75 per cent of the families of the province of Quebec, who receive less than $4,000 a year, to the businessmen who go bankrupt, to farmers who sell by auction, to industrialists who go out of business, to the many who receive social assistance, to go on a crusade against inflation? Is it also possible to ask those people to do something and fight in order to stop price increases?

Mr. Chairman, I think it is time for us to show some logic, and we have not won the war with taxes, but with capital.

The problem today is not one of inflation, since we are in the midst of abundance, and we are facing a lack of purchasing power. To legalize the collection of additional taxes would simply lead to a widening of the gap.

The extent of the tax increases and their consequences will have to be considered.

This government does much planning ahead about regional disparities. All those fine projects will prove unavoidably useless if some citizens are protected by taxes limited to $120, as provided for in the bill before us.

I know that government action is essential for the well-being and the survival of the people. However, because the Minister of Finance is trying, under clause 27 of the bill under consideration, to protect the ones most capable of paying, namely those earning $6,000 and over, I shall vote against this bill.

• (3:00 p.m.)

[*English*]

Mr. Burton: Mr. Chairman, I think this clause of the bill really makes a mockery of the concept of a just society. It makes a mockery of the words of the Prime Minister who, when he went across Canada from one coast to the other, raised people's expectations as to what might be done in Canada, what we can do together and what might be accomplished in our nation. If this measure simply resulted in disillusionment with that hon. gentleman, that would be one thing, but it seems to me it has a serious effect on the country as a whole in that it results in disillusionment regarding the expectations which were raised last year as a result of the particular type of approach used, with success, by the Prime Minister during the last federal election campaign.

We now have the Minister of Finance sitting calmly in the house, or at least he was a moment ago, like some form of Buddha or sphinx—I have not made up my mind which—and blandly placing this measure before us as one step toward the just society in Canada. I find it very difficult to see how he can possibly justify such a regressive form of taxation. This regressive tax will in fact bear most heavily on those people in the lower income tax brackets. They are the ones who will have to bear the burden of this tax. It will fall most heavily on wage earners and

people on salaries, as well as others with a low level of self-employed income.

I should like to mention the situation which exists in respect of wage and salary earners. They are the people who are now discriminated against under our present income tax structure. They are the ones in particular who will now have to bear the burden of this new tax which the government has decided to impose to raise revenue.

We must ask ourselves this question: Is this tax based on the principle of ability to pay? I defy the minister to show me that this is in fact a progressive tax based on ability to pay. It seems to be ironical that we are discussing this measure now, a couple of days after the minister presented his new 1969 budget. The minister made public his social development tax proposal last October 22. That was when it was unveiled in this house. But it is only now, more than seven months later, that the government has brought this legislation forward for the consideration of the house. The government was unable to get this measure through the house before the new budget was presented.

It seems to me that if things are going as well as the Minister of Finance indicated in his budget the other night, he might very well consider withdrawing this tax measure and introducing some other more progressive measure to raise what he considers to be necessary revenues. We are not going to achieve any sort of a fair or equitable society by heaping injustice upon injustice. That is what is happening at the present time.

This new tax seems to further distort our tax system, which is badly in need of reform. This fact has been acknowledged and the subject has been throughly studied by the Carter Commission. We all know of the many inequities which exist under the present system.

The minister has indicated from time to time that he is going to introduce a white paper. The latest indication is that it will be introduced during the parliamentary recess. It seems to me it is not many weeks ago that the minister indicated the white paper would be introduced in June. A little later we heard that it would be made public during July. The minister is now saying it will be presented during the parliamentary recess, which means any time during July, August or September. I predict that we will see further delays in the presentation of this white paper. Certainly this will be the case if the present pattern continues.

When we are dealing with this particular proposal we must also consider the fact that we now have one tax which is related to the basic structure of the proposal now before us—the old age security tax. Some of the figures are different but the principles of that tax structure are similar to the tax measure now before us for consideration. We must consider some of the inequities of the tax system in our economy, and the fact that there is no provision for taxation on capital gains. There are all sorts of loopholes for the benefit of those people who now have high incomes. Many of these people escape taxation altogether.

I suggest that we need a complete reversal of practice in respect of our taxation policy. I also suggest that the evidence indicates that in practice such a reversal will not be forthcoming under the present government. We need a general change in both fiscal and economic planning which should be based on equity.

Let me draw to the attention of the minister the situation which faces many people in my own constituency of Regina East. Many of them are living on modest wages and salaries in the city of Regina, and many of them are having a very difficult time coping with the present economic situation. This measure, together with the measures proposed by the minister in his speech the other night, will do nothing to relieve the problems of these people. Similarly, this proposal and the proposals of the minister in his budget speech on Tuesday night will do nothing to relieve the serious problems facing the farmers in my constituency. It will do nothing to help the people living in the villages, towns and rural areas of my constituency.

It is certainly true that we are faced with the problem of inflation. I think the government has shown its unwillingness to tackle adequately the problem of inflation, and its unwillingness to correct the inflation which exists at the present time. We are not going to reverse some of the trends toward inequity in our economy by the tinkering the government is doing at the present time. In order to solve this problem we require a radical change in our approach to economic and social policy. I urge the minister to take such steps before it is too late to save the Canadian economy from a disastrous situation.

The Deputy Chairman: Shall clause 27 carry?

Some hon. Members: Carried.

Income Tax Act

Some hon. Members: No.

The Deputy Chairman: Those in favour of clause 27 please rise. Those who are opposed to clause 27 please rise.

Clause agreed to: Yes, 50; nays, 19.

The Deputy Chairman: I declare the clause carried.

• (3:10 p.m.)

On clause 28—*Investment income tax.*

Mr. Benson: Mr. Chairman, there is an amendment to clause 28. The main purpose of the amendment is to bring the bill into line with the resolution. The amendment is in the first line of the sheets which hon. members have. We used the words "term life insurance" in the bill and "group term life insurance" in the resolution, and we are bringing the two into line.

Mr. Macdonald (Rosedale): I move:

That Bill C-191 be further amended

(a) by striking out line 10 on page 48 and substituting the following:

"(C) group term life insurance policies,"

(b) by striking out lines 24 to 28 on page 49 and substituting the following:

"(b) the amounts required by subsection (4) of section 68A to be included in computing the insurer's income for the year, other than amounts deducted under paragraph (*a*) of subsection (3) of that section in computing its income for the immediately preceding taxation year;"

(c) by striking out lines 6 to 9 on page 50 and substituting the following:

"(b) interest payable by the insurer in respect of the year pursuant to a legal obligation incurred by it in the course of carrying on its life insurance business in Canada;"

(d) by striking out lines 13 and 14 on page 50 and substituting the following:

"for the year in respect of a building at least 80% of which was used regularly by it for the purpose of earning";

(e) by striking out the word "or" in line 34 on page 50, and by striking out line 38 on page 50 and substituting the following:

"group life insurance business, or

(v) was payable by the insurer to a province as a tax in respect of premiums collected by it in the year under life insurance policies."

(f) by striking out line 12 on page 52 and substituting the following:

"whatever other than to provide for payment of the premiums at time intervals more or less frequent than those fixed and determined immediately before the variation;"

(g) by striking out line 17 on page 52 and substituting the following:

" 'property, property used in the year in, or held in the year in the course of' carrying on an insurance business in Canada and 'relevant authority' "; and

[The Deputy Chairman.]

(i) by striking out line 15 on page 53 and substituting the following:

"expression 'group term life insurance policy,' ".

Mr. Harkness: Mr. Chairman, before this and subsequent clauses carry, could the minister explain briefly what different there will be as far as taxation is concerned between Canadian owned insurance companies and foreign owned insurance companies?

Mr. Benson: So far as business in Canada is concerned, there will be none. Foreign owned insurance companies operating in Canada will be taxed on their Canadian business; Canadian companies will be taxed on their business in Canada.

Mr. Harkness: Does this mean that Canadian companies doing business in other parts of the world will not be taxed on that business, and the profit which comes from that business will be treated apart from the profit which is earned from the Canadian business?

Mr. Benson: Foreign business will not be taxed, but when profits are brought back from it they will be taxed.

Amendment agreed to.

Clause as amended agreed to.

On clause 29—*Rents, royalties, etc.*

Mr. Benson: There is an amendment to clause 29, Mr. Chairman.

Mr. Macdonald (Rosedale): I move:

That Bill C-191 be further amended

(a) by striking out lines 32 to 38 on page 53 and lines 1 to 27 on page 54 and substituting the following:

"(ii) for information concerning industrial, commercial or scientific experience where the total amount payable as consideration for such information is dependent in whole or in part upon

(A) the use to be made thereof or the benefit to be derived therefrom,

(B) production or sales of goods or services, or

(C) profits,

(iii) for services of an industrial, commercial or scientific character performed by a non-resident person where the total amount payable as consideration for such services is dependent in whole or in part upon

(A) the use to be made thereof or the benefit to be derived therefrom,

(B) production or sales of goods or services, or

(C) profits,

but not including a payment made for services performed in connection with the sale of property or the negotiation of a contract,";

(b) by striking out the word "or" in line 15 on page 55; and

(c) by striking out lines 23 to 25 on page 55 and substituting the following:

"an interest in any or all property or other things of value that may result therefrom, or

(ix) a rental payment for the use of or the right to use outside of Canada any corporeal property;"

Amendment agreed to.

Mr. Macdonald (Rosedale): I move:

That Bill C-191 be further amended by striking out line 26 on page 53 of the French version and substituting the following:

"précède, tout paiement"

Amendment agreed to.

Mr. Macdonald (Rosedale): I move:

That Bill C-191 be further amended by striking out the word "scientific" in line 21 on page 55.

Amendment agreed to.

Clause as amended agreed to.

Clause 30 agreed to.

On clause 31—"*Insurance Corporation*" or "*insurer*".

Mr. Benson: Mr. Chairman, there is an amendment to clause 31.

Mr. Macdonald (Rosedale): I move:

That Bill C-191 be further amended by striking out lines 18 to 27 on page 58 and substituting the following:

"(wa) 'life insurance business' includes

(i) an annuities business, and

(ii) the business of issuing contracts all or any part of the issuer's reserves for which vary in amount depending upon the fair market value of a specified group of assets, carried on by a life insurance corporation or a life insurer;

(wb) 'life insurance corporation' or 'life insurer' means a corporation that carries on a life insurance business that is not a business described in subparagraph (i) or (ii) of paragraph (wa) whether or not it also carries on a business described in either of those subparagraphs;".

Amendment agreed to.

Clause as amended agreed to.

On clause 32—

Mr. Benson: There is a technical amendment to clause 32, Mr. Chairman, dealing with definitions, and so on.

Mr. Macdonald (Rosedale): I move:

That Bill C-191 be further amended

(a) by striking out lines 30 to 37 on page 59 and substituting the following:

"paragraph, a capital improvement or capital addition to a building owned by an insurer shall be deemed not to be part of the building but to be a separate and distinct building acquired by it, if the cost to the insurer of such improvement or addition as the case may be, exceeded $100,000)," and

(b) by adding immediately after line 39 on page 62 the following:

"(6) For the purposes of subparagraph (i) of paragraph (b) of subsection (12) of section 68A of the said Act, the cost to an insurer of any Canada security owned by it at the end of its 1968 taxation year shall be deemed to be the actual cost to it of acquiring the security

(a) plus a reasonable amount (having regard to the amount included in respect of the security in computing the insurer's income for its 1969 taxation year by virtue of paragraph (c) of subsection (4) of section 68A of the said Act) in respect of the amortization of the amount by which the principal amount of the security at the time it was so acquired exceeds such actual cost, or

(b) minus a reasonable amount (having regard to the amount deducted in respect of the security under paragraph (d) of subsection (3) of section 68A of the said Act in computing the insurer's income for its 1969 taxation year) in respect of the amortization of the amount by which such actual cost exceeds the principal amount of the security at the time it was so acquired,

as the case may be.

(7) for the purposes of the Income Tax Act and this section, an insurer's maximum tax actuarial reserve for its 1968 taxation year for life insurance policies of any particular class shall be deemed to be the maximum amount that would have been deductible as a policy reserve for the year for those policies under subparagraph (i) of paragraph (a) of subsection (3) of section 68A of the said Act, if section 15 had been applicable to that year."

Amendment agreed to.

Clause as amended agreed to.

On clause 33—

Mr. Benson: There is an amendment to clause 33, Mr. Chairman. Here again it is a clarification in wording.

Mr. Macdonald (Rosedale): I move:

That Bill C-191 be further amended

(a) by striking out line 26 on page 63 and substituting the following:

"(l) that proportion of the tax computed";

(b) by striking out line 33 on page 63 and substituting the following:

"(m) that proportion of the tax computed;" and

(c) by striking out lines 3 to 5 on page 64 and substituting the following:

"tized cost, 'Canada security', 'participating life insurance policy' and 'principal amount' have"

Amendment agreed to.

Clause as amended agreed to.

On clause 1—

Mr. Ritchie: Mr. Chairman, I wonder whether I could have the indulgence of the

committee to ask the minister a question for clarification. My question concerns deductions for medical expenses.

The Deputy Chairman: Is this agreed?

Some hon. Members: Agreed.

Mr. Ritchie: With regard to deductions for medical care that is not covered by an insurance program, that is, extra expenses, will these be allowed as an income tax deduction?

Mr. Benson: If the provincial scheme is broader than the federal scheme, that is, if a portion is paid by the government through the provincial scheme, then of course they are disallowed; the federal government is making a contribution to the provincial scheme. If one has additional coverage under a private scheme, then of course the expenses in this regard will be allowable, that is, the portion of the claim paid by the private scheme will be allowable, as it is now. The main purpose of the provision is that where you have a provincial scheme and the federal government is contributing part of the cost to the provincial scheme, we do not also allow the deduction for tax purposes of expenses which are paid by the federal and provincial governments. But if one has, beyond this, personal coverage with a private company, as is the case with hospitalization at the present time, those portions paid by the private company are deductible because the premium is paid by the individual and the government does not contribute to it.

Mr. Ritchie: Has the minister looked into the functional operation of this program in Manitoba, say, where doctors are operating out of the plan and the patient pays the full amount and is then reimbursed a portion of it? Has any direction been given by the Income Tax Department in this regard?

Mr. Benson: If it is under a provincial scheme and the province gets into medicare, all payments made by the provincial scheme will not be allowable. If the individual has separate coverage and pays additional expenses beyond that, we have not changed the situation whatsoever.

Clause agreed to.

Title agreed to.

The Deputy Chairman: Shall the bill as amended carry?

Some hon. Members: Carried.

[Mr. Ritchie.]

Some hon. Members: No.

Motion agreed to: Yeas, 51; nays, 17.

The Deputy Chairman: I declare the bill carried.

Bill reported.

• (3:20 p.m.)

The Acting Speaker (Mr. Béchard): When shall the said bill be read the third time?

Some hon. Members: By leave, now.

Mr. Benson moved that the bill be read the third time and do pass.

The Acting Speaker (Mr. Béchard): Is it the pleasure of the house to adopt the said motion?

Some hon. Members: On division.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we were against the legislation contained in this bill when it was first proposed last October, particularly the social development tax. We have been against it all through the piece and we are against it now. We think this tax is regressive, iniquitous, unfair, unnecessary and intolerable. Therefore we are going to vote against it on third reading.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Chairman, I will only say a few words on the third reading of this bill.

What the hon. member for Winnipeg North Centre (Mr. Knowles) just said is quite true, and it is also our position concerning this bill aimed at levying a 2 per cent social development tax.

The government has not acted honestly when it imposed that tax on the people, being fully aware that the workers cannot pay more money.

I think that when the government was actually defeated in 1968, on vote in the committee of the whole, it should have normally gone to the people for a confirmation of its mandate, but it failed to do so.

We then opposed a 5 per cent tax, and the bill was withdrawn. The Minister of Justice, with whom I appeared on television at that time, had solemnly promised, on behalf of the government, that such a bill would not be introduced in the house again and that there would be no tax increases.

At the time of the general election and since then, we, of the Ralliement Creditiste,

agreed to maintain the government in power on a vote of confidence, as we thought this was an honest government.

An hon. Member: It is a different government.

Mr. Caouette: This is exactly the same situation. Following the election, a 2 per cent tax was levied, a 3 per cent extra tax which will be in force until 1970. And now we are burdened with a so-called 2 per cent social development tax which again is levied on the small wage earners in order to pay for the government's evastefulners.

Mr. Speaker, we cannot agree to that bill. My colleagues opposed the motions for first and second readings, and on third reading, we shall vote against the imposition of that social development tax, which is named just like the hurricanes that lash the Atlantic and Pacific oceans from time to time. The government wants to lash the poor in Canada by subjecting them to more poverty and more taxes. In fact, once again, as I said the little people will bear the costs of the present government's wastefulness. Our position is clear, precise and plain; we strongly oppose that 2 per cent social development tax.

Some Liberal members said that money does not grow on trees. Everybody knows that. However, the government takes care not to say where it actually grows.

The Minister of Finance (Mr. Benson) might have told us, for example, where the $14 billion required for the 1939 war were found, when there was an emergency and our national debt amounted to $3 billion.

The present national emergency is just as serious as the one in 1939, and the time has come for the government to tell us finally where money grows, if not on trees. If the minister does not know, we do; but when we tell him, he does not listen and he does not want to hear. Like the ostrich, they bury their head in the sand, and refuse to hear or to see anything.

Some hon. Members: Hear, hear.

Mr. Caouette: From time to time, some people, like the hon. member for Trois-Rivières (Mr. Mongrain), hold forth on demagogy and other such things. I have seen the hon. member for Trois-Rivières in Saint-Marc of Shawinigan, with a white beret on his head, sitting with—

Some hon. Members: Oh, oh.

Mr. Mongrain: Mr. Speaker, on a question of privilege.

The Acting Speaker (Mr. Béchard): Order. The hon. member for Trois-Rivières on a question of privilege.

Mr. Mongrain: Mr. Speaker, the hon. member for Témiscamingue has just made serious slanderous remarks about me, because I have never approved the stupidities he has been advocating for 35 years.

Mr. Caouette: Mr. Speaker, I think I still have a photograph of the Saint-Marc meeting, at Shawinigan, where the hon. member for Trois-Rivières is sitting on the stage with your humble servant, Mrs. Gilberte Côté-Mercier and our leader at the time Mr. Georges-Émile Lapalme. And the hon. member for Trois-Rivières was wearing a white beret just like everybody else. He was convinced that Social Credit was a good thing.

Mr. Mongrain: Mr. Speaker, I rise on a question of privilege.

The Acting Speaker (Mr. Béchard): Order please. The hon. member for Trois-Rivières is rising on a question of privilege.

Mr. Mongrain: Both my colleagues in the house and myself welcome from time to time the opportunity to hear the hon. member for Témiscamingue joking or being humourous on serious matters, but I would like to remind him that under our Standing Orders he has to accept the word of a colleague who points out some inaccuracy. Furthermore, I would be grateful to him if he would offer me as a gift the photograph he has mentioned.

Mr. Caouette: I think I will make a present to the hon. member for Trois-Rivières, Mr. Speaker, but I forgot to mention someone else, René Hamel who used to be a member of the Bloc populaire—

The Acting Speaker (Mr. Béchard): Order. Frankly, I think that the hon. member for Témiscamingue is straying somewhat from the third reading of Bill C-191.

Mr. Caouette: Mr. Speaker, with this 2 per cent surtax or social development tax, don't you think that the hon. member for Trois-Rivières would look very nice if he entered this house wearing a white beret? It seems to me that this has something to do with the extravagant expenditures of the government.

Anyway, Mr. Speaker, the hon. member for Trois-Rivières sets upon us, saying that we

are demagogues, that we play the poor against the rich, that we try to use the poor in an effort to spread our philosophy, etc., etc.

Mr. Speaker, the hon. member for Trois-Rivières when he was mayor of his city was chairing one of our conventions as honorary president, in Trois-Rivières, at the "Flambeau". The "Flambeau" was not the mayor of Trois-Rivières—

Mr. Mongrain: Mr. Speaker, would the hon. member permit a question.

Mr. Caouette: Yes.

Mr. Mongrain: Would the hon. member tell me in what year he was a Liberal candidate?

Mr. Caouette: Certainly; I said it a while ago; in 1956, exactly when the hon. member for Trois-Rivières was wearing a white beret. At that time, I was a Liberal member. The hon. member will recall that. Our common leader was Georges Émile Lapalme. He surely will remember that as well.

Mr. Speaker, that is not what I want to talk about. When he was mayor of Trois-Rivières, the present member for Trois-Rivières spoke highly of the blessings of Social Credit, of its achievements. The member for Trois-Rivières said great things about the Alberta administration—

Mr. Mongrain: Mr. Speaker, I rise on a question of privilege.

The Acting Speaker (Mr. Béchard): Order. The hon. member is rising on a question of privilege.

Mr. Mongrain: Mr. Speaker, the hon. member says I spoke highly of the blessings of Social Credit... There was an election campaign going on and I praised the achievements of the Liberal party; I should like to ask the hon. member, if he has any sense of honesty left, not to say such monstrosities.

• (3:30 p.m.)

Mr. Caouette: Mr. Speaker, the hon. member for Trois-Rivières is the one who spends his time saying monstrosities. A while ago, two Liberal members came to me behind the curtain and said: Mongrain is a bore. Two Liberal members told me: He gets up when it is not time to do so, and when we do not want him to, he gets up to speak anyway. The member for Trois-Rivières is not a serious man, and he is not taken seriously in his riding either.

Mr. Speaker, that is all I wanted to say this afternoon because I would not like to delay the vote further. We will deal with these taxes some time next week when we study the new budget of the Minister of Finance.

Mr. Speaker, we oppose the social development tax and we will vote against it.

The Acting Speaker (Mr. Béchard): Is it the pleasure of the house to adopt the said motion?

[*English*]

The house divided on the motion (Mr. Benson) which was agreed to on the following division:

• (3:40 p.m.)

YEAS

Messrs:

Allmand
Anderson
Andras
Badanai
Basford
Béchard
Benson
Boulanger
Brown
Caccia
Cadieux (Labelle)
Cafik
Cantin
Chrétien
Clermont
Corbin
Côté (Longueuil)
Crossman
Cyr
Davis
Deachman
De Bané
Drury
Dubé
Éthier
Forget
Gendron
Gibson
Gillespie
Givens
Goode
Goyer
Gray
Greene
Guay (St. Boniface)
Guilbault
Hogarth
Hopkins
Howard (Okanagan Boundary)
Hymmen
Isabelle
Jamieson
Jerome
Kaplan
Kierans
Laflamme
Laing
Lang
Langlois
Laniel
Lefebvre
Lessard (LaSalle)
Loiselle
Macdonald (Rosedale)
MacEachen
MacGuigan
Mackasey
McIlraith
Mahoney
Major
Marceau
Marchand (Langelier)
Mongrain
Morison
Munro
Noël
Olson
Orange
Osler
Otto
Ouellet
Pelletier
Pilon
Portelance
Prud'homme
Reid
Richard
Richardson
Roberts
Robinson
Sulatycky
Trudeau
Trudel
Turner (London East)
Turner (Ottawa-Carleton)
Wahn
Walker
Watson
Weatherhead
Whelan
Whiting—91.

NAYS

Messrs:

Alkenbrack
Barnett
Bell
Benjamin
Bigg
Burton
Caouette
Carter
Coates
Code
Comeau
Crouse
Diefenbaker
Dionne
Dumont
Fairweather
Forrestall
Gilbert
Godin
Gundlock
Harkness
Hees
Howard (Skeena)
Howe
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Laprise
Latulippe
Lewis
Lundrigan
MacEwan
MacInnis (Mrs.)
MacLean
Macquarrie
McCleave
McCutcheon
McGrath
McIntosh
McKinley
McQuaid
Mather
Matte
Mazankowski
Monteith
Muir (Cape Breton-The Sydneys)
Nesbitt
Nystrom
Paproski
Ricard
Ritchie
Rodrigue
Rondeau
Rose
Rynard
Saltsman
Schumacher
Skoreyko
Stanfield
Stewart (Marquette)
Tétrault
Thomas (Moncton)
Thompson
Winch
Yewchuk—63.

• (3:50 p.m.)

Bill read the third time and passed.

EXPORT DEVELOPMENT CORPORATION

MEASURE TO PROVIDE INSURANCE, GUARANTEES AND LOANS TO DEVELOP TRADE—REPORT STAGE

The house proceeded to the consideration of Bill C-183, to establish the Export Development Corporation and to facilitate and develop export trade by the provision of insurance, guarantees, loans and other financial facilities, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs.

Hon. Otto E. Lang (for the Minister of Industry, Trade and Commerce) moved:

That Bill C-183, An Act to establish the Export Development Corporation and to facilitate and develop export trade by the provision of insurance, guarantees, loans and other financial facilities, be amended by striking out lines 39 and 40 at page 16 thereof and by substituting therefor the following: "(b) the expropriation, confiscation or deprivation of the use of, or the arbitrary seizure of,"

He said: Mr. Speaker the amendment before us and the subsequent two amendments are being introduced to improve the wording of the bill. The particular amendment before us now was discussed in committee. It was thought in committee that the wording of the bill was ambiguous. This matter was being discussed at a time when the committee did not want to hold up the reporting of the bill. Accordingly there was a request that this matter be brought forward for clarification. The wording of the amendment does not change the intention of the original wording. The order of the words has been changed to make sure that the meaning which was originally intended to be conveyed is clear, There was ambiguity in the English version and perhaps a misinterpretation in the French version. This amendment is designed to clarify the meaning of the clause it is amending.

The Acting Speaker (Mr. Béchard): Is it the pleasure of the house to adopt the said motion.

Some hon. Members: Agreed.

Amendment (Mr. Lang, for Mr. Pepin) agreed to.

• (4:00 p.m.)

Hon. Otto E. Lang (for the Minister of Industry, Trade and Commerce) moved:

That Bill C-183, An Act to establish the Export Development Corporation and to facilitate and develop export trade by the provision of insurance, guarantees, loans and other financial facilities, as amended by the Standing Committee on Finance, Trade and Economic Affairs be further amended by striking out in the French version the new subsection (3) added by the Committee to Section 16 at page 7 thereof and by substituting therefor the following:

"(3) Chaque règlement administratif établi en vertu du paragraphe (1) sera déposé au Parlement dans les quinze jours qui suivent son approbation par le Ministre, ou, si le Parlement ne siège pas à ce moment-là, l'un quelconque des quinze premiers jours où il siège par la suite."

He said: Mr. Speaker, this amendment is an amendment in wording which is suggested by expert draftsmen to some words which were added to the bill at the committee stage. The amendment makes no change in the substance of the bill as reported by the committee.

The Acting Speaker (Mr. Béchard): Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

Amendment (Mr. Lang, for Mr. Pepin) agreed to.

Measures to Develop Trade

Hon. Otto E. Lang (for the Minister of Industry, Trade and Commerce) moved:

That Bill C-183, an Act to establish the Export Development Corporation and to facilitate and develop export trade by the provision of insurance, guarantees, loans and other financial facilities, as amended by the Standing Committee on Finance, Trade and Economic Affairs be further amended by striking out the word "to" in the phrase "and to fix the terms and conditions of his appointment and his remuneration" inserted by the Committee after the word "being" at line 40 of page 3 thereof and by substituting therefor the word "shall".

He said: Again, Mr. Speaker, this is merely a drafting change which will result in carrying out the intention of the committee.

The Acting Speaker (Mr. Béchard): Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

Amendment (Mr. Lang, for Mr. Pepin) agreed to.

Hon. Otto E. Lang (for the Minister of Industry, Trade and Commerce) moved:

That Bill C-183, to establish the Export Development Corporation and to facilitate and develop export trade by the provision of insurance, guarantees, loans and other financial facilities, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, be concurred in.

Motion (for concurrence) agreed to.

The Acting Speaker (Mr. Béchard): When shall the said bill be read the third time?

Some hon. Members: Now.

Some hon. Members: By leave.

Mr. Lang (for Mr. Pepin) moved that the bill be read the third time and do pass.

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to make a few points with respect to the bill before it passes because it deals with a matter of tremendous concern to Canada, namely, our trading position and the development of trade between Canada and other nations.

I wish to point out what I think has been a failure in government policy over many years, which also extends to some provincial governments. I refer to what I consider to be the over-enthusiastic manner in which the government promotes the export of our natural resources in their raw or near-raw state. This may be all right for renewable resources such as wheat, lumber, timber and even logs, because with proper conservation practices they will be available for future generations.

I do not consider it to be in the best interests of Canada to exert so much effort to promote the export of resources such as minerals which are not renewable. We are exporting the material either in a raw state or in a near-raw state in the form of concentrates. So far as minerals are concerned, we are left simply with a hole in the ground because we have exported resources that cannot be renewed.

By exporting our resources of raw materials we are also exporting job opportunities. In addition, we are contributing to an imbalance of payments with other countries. We import into this country finished products manufactured from the same raw materials we have exported. We pay much more for them than what we receive from the sale of the resources. By endorsing the export of Canadian concentrates from British Columbia, we are putting ourselves in the position of being unable in the future to develop in the Canadian mining industry smelting and manufacturing plants.

Each time we export these concentrates to another nation we deny ourselves the opportunity to process these concentrates in later years when we may be in a position to promote seriously smelting and manufacturing industries. This government and its predecessors have not exhibited any great concern about the necessity of promoting secondary manufacturing industry in Canada or using our natural resources to develop remunerative jobs and positions for Canadians.

The government seems content with and intent upon selling out the resources of Canada for an immediate, small, short-range gain. It does not seem to be able to look into the future to the time when these resources will be of value to our country. This field must be promoted. Perhaps the Department of Regional Economic Expansion will concern itself with this field more intensely than has been the case in the past, or more intensely than the present policy of that department indicates. The fundamental point is that when we export our raw materials or natural resources in their near-raw state we are exporting job opportunities for Canadians. We are denying ourselves the opportunity of promoting the economic well-being of Canadians by exploiting our own wealth for a short range benefit.

• (4:10 p.m.)

Although no one on the government side is paying too much attention to me at the

moment, I hope someone will read *Hansard* and pay attention to the concept I am putting forward, if not to every word. I am sure the minister who is piloting the bill through the house is aware of the situation, as are some of his colleagues. I ask the minister to give some recognition to this concern so that we can use our resources wealth for our own benefit first and not for the benefit of some other nation.

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, I wish to say that we have been paying attention to the hon. member's remarks even though what he has been saying is not relevant to the bill before us. We certainly can share his interest in the development of secondary industry in this country and the jobs that depend on it. Of course the purpose of the former legislation and the approach which the Export Development Corporation will have are exactly in the direction of promoting exports of materials, equipment and items produced by our secondary industry. Therefore the operation of the Export Development Corporation should go a good way toward inproving the position of the working men in the country through the provision of jobs and the efficiency generally of industry in this country, secondary industry in particular.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I should like to say a few words at this stage. I am delighted to hear the minister say that he is as concerned as we in this group are about the export of our non-renewable resources, and that he hopes the legislation he is piloting through will prevent a recurrence of what has been happening in respect of our resources and secondary industry of a manufacturing and processing nature in Canada. I support wholeheartedly what the hon. member for Skeena (Mr. Howard) just said. I hope the minister and his colleagues, not only through this legislation but also through any other legislation which is now or will be on the books, will concentrate on keeping Canadian non-renewable resources in Canadian hands so that the products of those resources will be available for the maximum benefit of Canadians. By selling these non-renewable resources we betray succeeding generations. Our grandchildren and those who follow them will not forgive us for what we have already done in respect of some of these resources. I hope the minister will be able to correct the attitude that a buck for his friends is all right now and they will not worry about the country until later.

The Acting Speaker (Mr. Béchard): Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to and bill read the third time and passed.

OIL AND GAS PRODUCTION AND CONSERVATION

MEASURE ESTABLISHING OIL AND GAS COMMITTEE AND REGULATING POWERS OF GOVERNOR IN COUNCIL—REPORT STAGE

The house proceeded to the consideration of Bill S-29, respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories, as reported (with amendments) from the Standing Committee on Indian Affairs and Northern Development.

Mr. Knowles (Winnipeg North Centre, for Mr. Thomson) moved:

That Bill S-29, An Act respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories, be amended, in subclause (1) of clause 4, by deleting the words "not more than" after the words "five members" in line 22 on page 3 of the Bill; and in subclause (2) of clause 4 by deleting the words "one member" and substituting therefor the words "one of the three members in the public service" in line 28 on page 3 of the Bill.

He said: Mr. Speaker, this amendment and the three that follow it are on the order paper in the name of the hon. member for Battleford-Kindersley (Mr. Thomson). It so happens that my colleague, together with other members, is in eastern Canada with the Standing Committee on Agriculture. Therefore someone had to be found to take his place. I thought this morning I had found a colleague who was familiar with this legislation who would do this.

Mr. Chrétien: I rise on a point of order, Mr. Speaker. These amendments have been dealt with in the committee and have been rejected by the committee.

Mr. Knowles (Winnipeg North Centre): That is not a point of order, Mr. Speaker. It is perfectly in order to try, back in the house at the report stage, to do something that did not succeed before the standing committee. Is there any doubt about that, Mr. Speaker?

Oil and Gas Production and Conservation

The Acting Speaker (Mr. Béchard): The hon. member for Winnipeg North Centre.

Mr. Knowles (Winnipeg North Centre): I was about to say that if it was only a point of order I would be in full flight, but I am called upon to deal with the substance of a bill which has been looked after by others of my colleagues. It makes me feel as though I am in the role of a parliamentary secretary. My friend the minister has had experience in that role, having been called upon to handle something which had been put forward in someone else's name.

It strikes me that this amendment is clear; it speaks for itself and should commend itself to the house. It proposes certain changes in subclauses 1 and 2 of clause 4 of the bill. The wording of the amendment has already been put on the record but I believe that in order to make it intelligible it would be a good idea for me to read the two subclauses as they now stand in the bill and then read them as they would appear if amended as proposed by my colleague from Battleford-Kindersley. Subclause 1 of clause 4 now reads as follows:

> The Governor in Council may establish a committee under the direction of the Minister to be known as the Oil and Gas Committee, which shall consist of five members, not more than three of whom shall be employees in the public service of Canada.

Perhaps I should stop there and return later to subclause 2. With regard to subclause 1 we are suggesting that the words "not more than" after the words "five members" should be deleted, whereupon subclause 1 of clause 4 would read in this way:

> The Governor in Council may establish a committee under the direction of the Minister to be known as the Oil and Gas Committee, which shall consist of five members, three of whom shall be employees in the public service of Canada.

Having read the subclause as amended, thus showing the change which would take place, I think the point becomes clear. As the government has presented this matter this committee of five can have up to three but not more than three members who are employees in the public service of Canada, but it could have fewer than three. There could be two, there could be one or none. In other words, the committee could be overloaded with people from the private sector or indeed could be composed entirely of persons from the private sector.

• (4:20 p.m.)

We do not think this is good sense. We believe that the matters with which this oil and gas committee will deal are such that the public interest should be clearly paramount at all times. That is why we feel that, if there is to be a committee of five, three of them shall be employees in the public service of Canada. This will make it clear that not more than two members can be persons brought in from outside, or from the private sector.

I understand that when this bill was before the standing committee this proposal was made and rejected. The government used the argument that the oil and gas committee was essentially a technical committee, and that most of the competent technical people are to be found in the private sector. However, later on during the discussions of the committee it was admitted in respect of another matter that the question is as much one of judgment, as much one of public policy, as it is of technical expertise. We think that should be a primary consideration, and that this committee appointed under the authority of the minister should remain clearly one in which the public interest is fully protected. That is why we feel the subclause should be amended in this way.

The motion which I am now presenting has another part to it, namely, the part which would amend subclause 2. May I follow the same pattern I have already used by reading subclause 2 the way it now reads, and then the way it would read if this amendment were accepted.

Clause 4(2) reads:

> The members of the Committee shall be appointed by the Governor in Council to hold office for a term of three years, and one member shall be designated as chairman for such term as may be fixed by the Governor in Council.

After the proposed amendment, if it were to carry, that subclause would read:

> The members of the committee shall be appointed by the Governor in Council to hold office for a term of three years, and one of the three members in the public service shall be designated as chairman for such term as may be fixed by the Governor in Council.

The subclause I read as it would be if amended makes clear that point which I think should commend itself to the house. We believe that the leading role, which is generally filled by the chairman of a committee, should in this case be retained in public hands. If the clause were not amended, in other words, if the clause as it appears in the bill were to pass, it would be possible for one of the non-public people, or one of those who are not from the public sector, to be made chairman of the committee. We think the

chairman should be one of the persons on the committee from the public service.

As I said, I have had to play the role of parliamentary secretary, but that is briefly what my colleague the hon. member for Battleford-Kindersley felt should be done. This is an amendment to clause 4 of the bill, and in particular an amendment to two parts of it. The first part would rewrite subclause 1 so that three of the five members of the oil and gas committee would be drawn from the public service. The second part would rewrite subclause 2 so that the chairman of the oil and gas committee would in all cases be chosen from among those appointed to the committee from the public service.

On behalf of the hon. member for Battleford-Kindersley, who, as I say, is in eastern Canada with the committee on agriculture, I submit this amendment for the approval of the house.

Mr. R. J. Orange (Parliamentary Secretary to the Minister of Energy, Mines and Resources): Mr. Speaker, the hon. member for Winnipeg North Centre (Mr. Knowles) said he felt as though he was acting as parliamentary secretary to the hon. member for Battleford-Kindersley (Mr. Thomson).

An hon. Member: Unpaid.

Mr. Orange: Yes, unpaid. I congratulate him for the way he once again expressed what the hon. member expressed in the committee in respect of the amendment. This amendment was thoroughly examined by the committee and, if I might say so, I think the opinion of the committee was of such a nature that it cut across these lines of action. I experienced this cutting across lines of action in respect of an amendment I proposed. It was not accepted by the committee. It dealt with the insistence in subclause 1 of clause 4 that the minister select members of the public service as members of this committee. I felt this would deny the minister the kind of flexibility which I believe is essential to a developing industry in a developing area.

Let me use the example of how we could lose this flexibility if the chairman of the National Energy Board reached retirement in his career but was, as a public servant, available to continue to serve his country and was agreeable to accept an appointment of this nature. He would then be one of the two people classified as being from the private sector. This is the kind of flexibility the minister should have, and we must be careful that we do not become dogmatic by insisting that all the members of our boards and commissions be controlled necessarily by members of the public service. We must be sure that members of the public service do not necessarily have the upper hand.

It is not a bad idea that members from the public service be outnumbered by people from the private sector in developing and working on a board such as the oil and gas conservation board for the Northwest Territories and the Yukon. I believe there are sufficient controls within the bill to preclude the so-called vested interests from taking over the operations of such a board.

While it has not been said in this amendment, I think there is allusion to the fact that we must be careful, in respect of vested interests in the oil and gas industry, to avoid having more than three or four in control of the activities of such an oil and gas conservation committee. There are other controls within the framework of the legislation in respect of the amount of stock which can be held by individual members of the board, and the fact that a member should withdraw if there is a conflict of interest.

While I respect the hon. member's proposed amendment, I do not believe it is practical. I do not believe we should incorporate in legislation a fundamental principle that will give the public service control over such a board. I do not suggest that the minister initially or in years to come would not have three members on the board from the public service, but I think this is a bad principle to adopt. It does not allow the minister the necessary flexibility, and it could conceivably eliminate other desirable people in the future.

• (4:30 p.m.)

The amendment to subclause 2 concerns the chairman of the committee. I do not believe this house should insist that a member of the public service become chairman of the committee, again for the reason of flexibility. Therefore, while I do not dispute the motives with which the amendment was put forward, it is just not practical at this stage and I propose to vote against it.

Mr. Frank Howard (Skeena): Mr. Speaker, I listened with great interest to the hon. member for Northwest Territories (Mr. Orange). The only element of flexibility that I can see in what the hon. member said is the elasticity of his argument and the extent to which he stretched credulity beyond recognition in trying to make a point which I do not think was very well made.

Oil and Gas Production and Conservation

I gather that the gist of the objection to the amendment revolves around the concept that if the amendment were accepted it would interfere with the flexibility of the minister to do whatever it is he wants to do. If there is any validity to the point of interference with the flexibility available to the minister, one is entitled to ask why the appointment of people from the public service was included in the bill in the first place. If the minister and the government wanted that element of flexibility which the hon. member for Northwest Territories says is necessary, why did not clause 4 simply provide that the committee shall consist of five members, period, without making any reference to "not more than three of whom shall be employees in the public service of Canada"? If the bill as proposed by the government has any meaning whatever in terms of the constitution and construction of the committee, surely it must mean that there will be somebody from the public service, presumably up to three persons.

The government has decided that it wants the opportunity to have up to three people from the public service on the committee. Having decided this, the government has interfered with its own opportunity to be flexible; it has constrained and confined itself to selecting some people from the public service. Either this clause means that or it is in the bill just as a sop and to pay lip service to the concept that the public should be involved in the functioning of the committee through the public service of Canada. I am inclined to think, after listening to the hon. member for Northwest Territories, that this is only a lip service proposition. The government says: We believe this is a good idea and will say something about it, but we are not really going to do anything about it.

I believe I can draw an exact parallel here. There is in the Liquor Control Act of British Columbia a provision that the liquor control board of the province shall consist of not more than three people. That provision has been in the act since 1954. However, not more than one person has ever been appointed to the board. Reading the provision in this bill I was immediately reminded of the arguments that then Attorney General of British Columbia, Mr. Bonner, and the Premier of that province, Mr. Bennett, put forward in 1954. They argued the same way as the hon. member and said they wanted a degree of flexibility. They said they wanted a board of up to three members; they did not want to specify three, two or one, but up to three so they would have flexibility to appoint people competent and knowledgeable in the field of liquor control, liquor distribution and the like. They asked to be given the opportunity to draw people from all sectors of society. That was all hogwash. Their intention was to have only one person on the board, and that has been the situation since 1954.

The same arguments have been advanced by the hon. member for Northwest Territories. As I understood him, he said it would be a bad principle to adopt the idea that we should involve people from the public service in this sort of activity; we would be far better off to draw people from the private sector who know more about this matter, have been involved in it, know the details and are really much more capable in this field.

I do not usually hold too many briefs for people in the public service, especially those in the minister's department, but I think it is rather slighting for a parliamentary secretary to stand up in the house and belittle in an oral way the performance of people in the public service. I thought he would be one of the first to rise and endorse their ability and protect them to the utmost. However, the hon. member says that it would be a bad principle to have people from the public service serve on the committee because they are not competent enough to involve themselves in its work to the extent envisaged when the bill was drafted. I think that goes a bit beyond his authority as a parliamentary secretary.

Mr. Orange: Mr. Speaker, this shows how little the hon. member knows. I am not parliamentary secretary to this minister.

Mr. Howard (Skeena): The hon. member for Northwest Territories, having been one of those gentlemen who worked in the public service of Canada, may have prior knowledge of the abilities of people in the public service. His knowledge may go beyond mine and may have flavoured his views on this matter. The fact is that he has argued contrary to the position of his minister and the government. In the bill the minister says that the government wants some people from the public service serving on this committee. The minister has said the government has decided it wants up to three people from the public service of Canada on the committee. The hon. member for Northwest Territories says he does not want anybody from the public service on the committee, that the government should have enough flexibility to be able to choose whomever it wants. He coupled that concept with an expressed lack of faith in the ability of

public servants to function properly on the committee and fulfil its purpose. The hon. member went even further and said that people in the private sector are much more knowledgeable.

This brings me back to where I started. The hon. member has stretched the idea of flexibility to the breaking point, when the only flexibility involved is in the hon. member's ability to do a poor job of trying to cover up something and explain to the house that which is not explainable.

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker—

Mr. Speaker: Order, please. I understand that the minister has already taken part in the debate.

Mr. Chrétien: No, Mr. Speaker.

Mr. Speaker: If not, the minister may proceed.

Mr. Chrétien: Mr. Speaker, I do not want to get into a long argument in explaining to the house why we cannot accept the amendment. The fact is that as far as the north is concerned we would like to make sure that the exploitation of oil resources is the best, and in achieving this we do not want to repeat the errors that have been made elsewhere. That is the reason for this clause. We want not more than three people from the public service of Canada on the Committee. We do this because we have to be realistic about this matter. The development of the north will not be carried out by only the public sector. Right now there is a great deal of activity in the north and the money is coming from the private sector.

The committee provided for in the bill will have to deal with problems in order to make sure that we achieve in the north the best production at the lowest possible cost so that the products of the north are easily saleable in world markets. We have in the north some problems that are not the same as those elsewhere in Canada. These problems arise because of the difficulty of transportation. We included this provision in the bill to make sure we will achieve the best possible productivity in the north. In order to achieve it we will sometimes have to interfere with the interests of the private sector and ask or urge them to do things that perhaps they will not like to do. This is why we want to make sure that at least two of the members out of the five will come from the outside.

• (4:40 p.m.)

If we were to say that all the members of the board should be civil servants, we would not ensure the proper representation of the private sector. Perhaps the three other members on the board should be from the public sector. That I do not know. This may or may not be desirable. As the hon. member for Northwest Territories (Mr. Orange) said, we may appoint someone who is completely independent and who has no interests whatever in the oil industry. If we do not have any flexibility we would not be in a position to appoint a person connected with an industry that is not related to oil or, as the hon. member said, to appoint someone who has been in the civil service and who would be pleased to act as a member of the board after retirement.

So I think that we must ensure that public and private sectors are represented, and this clause gives us sufficient flexibility to do so. If we feel that we need three civil servants on the board, we will appoint them. If not, we will not be forced to do so, but we want the people who are involved and who put up the money for the development of resources in the north to be represented on that board. It is fair that we keep two slots for them. The clause we are considering makes sure that three members on the board may be from the public sector. Anyway, all five of them will be appointed by the minister whose duty it is to this house and to the public of Canada to make sure that the people who are appointed to the board are the best possible.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, it is very interesting to hear the minister say that the government is desirous of appointing to the board people who have invested their money in the oil and gas industries so that the government can make use of their knowledge, and that because they have investments in these industries they are entitled to have some say in the operations of the board. If that is logical, then I find it passing strange that, for example, in the case of Panarctic Oil—I do not know whether this is the case today but it was a short time ago—the people of Canada, who have 45 per cent ownership of the company, have hardly any representation on its board. Following the minister's logic and argument one would conclude that 45 per cent of the directors on the board of Panarctic Oil would be people from the public service directly representing the investors, that is, the public of Canada. How many are there in fact? Only one. If the

minister's argument is logical, I wish something could be done for the other side of the coin. I am still unconvinced by the minister's argument concerning flexibility, though this may be because of my own denseness.

May I point out that the hon. member for Northwest Territories is fortunate to be the representative of an area that is still, to all intents and purposes, a frontier. I am sure he is more interested than anyone else in ensuring that we do not repeat the errors of the past, the exploitation of our frontier areas and consistent under-representation of the public interest. There was exploitation of all kinds, from the slaughter of buffalo to the rape of our forests, and representation of the public interest was minimal. Those who wished to exploit the resources did so to the maximum extent possible. Because it is still a frontier area and because its development is surging forward more rapidly than it has in the past, surely it is even more necessary to ensure that three of the members of the oil and gas committee shall be people from the public service.

I plead with the minister and with the hon. member for Northwest Territories to think again and to think of the whole history of resource development in Canada and of what occurred in other parts of the country which were developed sooner than the Northwest Territories and the Yukon. I hope that the historical evidence of that experience will convince them that at least for the first few years the board should have on it at least three members from the public service. Certainly the appointment of the chairman of the board from among these three members is a further logical extension of the protection of the public interest on the oil and gas committee.

I hope the minister will agree that this amendment does not in any way drastically or radically affect his legislation. I think he will find after a year or two of experience that it will prove practical and will give him all the flexibility he needs. If it does not prove to be that way, the minister will find that I and others in this group will be the first to agree and will gladly support an amendment which he might want to bring in a year or two from now. Frankly, I doubt very much that the government will initiate a change of this nature a year or two from now.

I would like to lodge a final plea with the minister and the hon. member for Northwest Territories that they change their minds. This amendment is not all that important. I urge them to try it this way first. If it does not work, the minister can come back and tell us about it.

Mr. Chrétien: We will try it this way, and if it does not work we will come back.

The Acting Speaker (Mr. Béchard): Order, please. The minister has already taken part in the debate.

Mr. Max Saltsman (Waterloo): Mr. Speaker, I listened to the minister very carefully, as I always do, and particularly when he said that we do not want to repeat the errors of the past. I think his words were to that effect. What strikes me about the whole situation is that by simply bringing in this kind of legislation the minister will not correct the errors of the past. I can appreciate the minister's intention to bring a little bit of order into the exploration for and development of oil.

The minister also indicated in the same vein that he wanted the best production and the best prices possible, and that he wanted to see these resources developed as effectively as possible. I point out to the minister that this legislation will not do that for him. Unless he changes the entire nature of the oil industry, he will be a captive of that industry, particularly if he rejects our amendment and insists on putting buccaneers at the helm of the ship. Surely this is a shortsighted policy for a minister who sincerely wants to change things and to develop the north.

If the minister wishes to ensure that our resources will be used in the best possible way, that they will bring benefits to the north and to the Canadian people, and that they will be an instrument of national policy, then he must go farther than he has in this bill. Certainly he should be prepared to accept our amendment. The evidence of what has taken place in Canada in the oil industry is shameful. Consumer prices are infinitely higher than they need be because of the monopolistic practices of the oil industry.

This industry is not the slightest bit interested in Canada. The companies have international affiliations. They exploit the country to benefit their own particular interests, and they will have no hesitation in exploiting the minister's dream to further their own interests. Therefore I fail to understand the reason for the minister's rejection of our amendment, and I fail to understand his optimism regarding this bill. If he sincerely means that he does not want to see the errors of the past repeated, then he must urge upon his colleagues—and I know it is not entirely within

his purview to make these changes—the necessity for a complete revamping of the oil industry to give him some measure of marketing and distribution control and some say in the way the resources of this country are allocated. Otherwise control will be in the hands of those who are in command of the oil industry, namely, the international companies. The consumers are already paying tribute to them. It has been estimated that every gallon of gasoline bought in this country costs five cents more as a result of the inefficient manner in which the oil industry has been developed. One has only to look at the pattern of development in the west, at the underutilization of wells in provinces like Alberta, to observe how wasteful this development has been.

• (4:50 p.m.)

The minister points to this legislation and indicates that it will help in this connection. I do not deny it will be of some assistance. But it does not get to the crux of the problem, the way in which oil is marketed and transported in this country, and until something is done along these lines nothing much will be solved. What happens if the companies do not want to sell the output? After all, the major producers are also the major retailers of oil. Suppose they do not wish to take oil from the Northwest Territories; what will he do? If the minister wishes to answer that question now, I think the house would be interested in hearing his reply.

[*Translation*]

The Acting Speaker (Mr. Béchard): Order. The hon. minister has already spoken in this debate and unless the house gives unanimous consent to allow the minister to reply to the question asked by the hon. member for Waterloo (Mr. Saltsman), he will not be able to do so.

[*English*]

Some hon. Members: Agreed.

[*Translation*]

Mr. Chrétien: Mr. Speaker, Bill S-29 we introduced is precisely intended to cope with the problems referred to by the hon. member for Waterloo.

This legislation gives us the power to require the industries to combine their interests to the best advantage of all Canadians. This conservation committee is going to do just that. However since the growth and development of oil resources in the North were partially ensured up to now by private entreprise, we deem it fair and reasonable that it should be represented on this committee.

We say there will be at least two representatives who are not the public service employees.

But that does not mean that we do not intend to take the necessary steps to have those resources developed in the interest of Canadians, rather than in the interest of the operators only.

Reading the legislation, one can see that we intend to take the necessary action to avoid a loss of energy or too much capital investment in proportion to the returns, as it has probably happened in the province of Alberta, according to what the hon. member said.

We hope to do it with the help of this legislation. And it is not only the presence of three civil servants on the committee that will allow us to do so. The regulatory powers are still in the hands of the minister and the objectives are well known.

However, since the minister himself cannot deal with all the problems, we thought it reasonable to set up this committee.

Three public service members will be appointed if necessary, so that the Canadian public can be assured that never, if we so wish, the private enterprise concerned in the northern development will control that committee.

However, if we insist upon three members being from the public service, it is possible that people from outside the public service may not be able to serve, even though they have Canada's interests as much and even more at heart than some public servants.

Let us suppose that my hon. friend decides tomorrow to retire from politics, I may not have even if I think he is competent enough, free scope to offer him membership on such a committee.

So I think that those who fear that the committee might be entirely controlled by private enterprise in the North may be assured that this will not occur, and that the government has no intention of repeating in the North errors that were made elsewhere.

The very fact that this is mentioned in the legislation and that we may express those views here in the house should be clear enough to my hon. friends.

[*English*]

Mr. Saltsman: Mr. Speaker, while admiring—

The Acting Speaker (Mr. Béchard): Order. The hon. member for Waterloo will need unanimous consent if he wishes to take the floor again.

Some hon. Members: Agreed.

Mr. Saltsman: Thank you, Mr. Speaker. While admiring the minister's optimism and his obvious feeling for the development of the north, I think he is making a somewhat naïve assumption. It is really stretching things to expect that people knowledgeable in the oil industry, having been appointed to the committee—presumably they will either have had associations with the oil industry or be still in association with it—will look at the possibilities of development in the north from a purely objective viewpoint. The great problem in Canada is that we have far more oil now than we can market. Can the minister not anticipate the difficulties which will arise when someone who has oil interests not only in Canada but in Arabia or Venezuela is faced with the problem of marketing the output of the north? Will he forget about all his other interests and investments to concentrate on marketing the northern oil?

[*Translation*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Béchard): It is my duty, pursuant to Standing Order 40, to inform the house that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Waterloo (Mr. Saltsman)—Canada Pension Plan—exemption for the Old Order of Mennonites; the hon. member for Frontenac (Mr. Dumont)—Erection of a monument commemorating Louis Riel; the hon. member for St. John's East (Mr. McGrath)—Consumer Affairs—Suggestion by Loblaw president to boycott beef purchases.

It being five o'clock the house will now proceed to the consideration of government orders as listed on today's order paper, namely private bills, notices of motions (papers), public bills.

[Mr. Chrétien.]

[*English*]

Mr. Howard (Skeena): There has been some discussion, Mr. Speaker, with respect to the business during private members' hour. In order that the leader of the house may not be accused of asserting what I think he himself once called his viciousness—he did so facetiously and jokingly—perhaps I could put a proposition to hon. members which might find favour, namely, that during the time set aside for private bills the house should proceed to consider only the first item, namely, second reading and reference to the Standing Committee on Finance, Trade and Economic Affairs of Bill S-34, respecting the Nova Scotia Savings and Loan Company, and that upon completion of this item the house then revert to government orders.

Some hon. Members: Agreed.

Mr. Macdonald (Rosedale): Perhaps that could be made an order of the house, Mr. Speaker.

The Acting Speaker (Mr. Béchard): Is it so agreed?

Some hon. Members: Agreed.

PRIVATE BILLS

NOVA SCOTIA SAVINGS AND LOAN COMPANY

Mr. Robert McCleave (Halifax-East Hants) moved that Bill S-34, respecting Nova Scotia Savings and Loan Company, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Motion agreed to, bill read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

GOVERNMENT ORDERS

OIL AND GAS PRODUCTION AND CONSERVATION

MEASURE ESTABLISHING OIL AND GAS COMMITTEE AND REGULATING POWERS OF GOVERNOR IN COUNCIL—REPORT STAGE

The house resumed consideration of Bill S-29, respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories, as reported (with amendments) from the Standing Committee on Indian Affairs and Northern Development,

and the motion of Mr. Knowles (Winnipeg North Centre, for Mr. Thomson).

• (5:00 p.m.)

Mr. Saltsman: Returning to the subject of representation on this committee, Mr. Speaker, it seems to me—and I hope the minister will think about this seriously—that the chief purpose of putting representatives from industry on the committee is this. Although ostensibly the purpose is to help the government reach decisions, to lend the wisdom of these representatives to the government, the chief purpose, I think, will be to make sure that nothing happens to interfere with their prearranged method of marketing. We are really letting in a Trojan horse. I do not see any reason for doing it in this way beyond the ideological commitment that the Liberal party has for doing things in this way. The government obviously has the power to do so; I do not think there is any question of that.

Mr. Chrétien: The power is in the bill.

Mr. Saltsman: But the government does not have the power to determine marketing methods. The government has some power to determine exploration and who markets the oil, but does it have the power to insist that all the oil produced in the north will be marketed according to the needs of the north and the Canadian people? If so, I do not see that provision in the bill.

Mr. Chrétien: Mr. Speaker, on a point of order, this bill has nothing to do with the marketing of oil. The bill is concerned with the exploration for oil and gas in the north.

The Acting Speaker (Mr. Béchard): The hon. member for Waterloo.

Mr. Saltsman: Mr. Speaker, I welcome the minister's interjection because that is the very point I am trying to make. What is the point of this bill if the government does not control the marketing? What is the point of developing oil production in the north if these Trojan horses are sitting on the committee and determining the conditions under which the oil is marketed? That is why I suggest the government cannot proceed in this way.

If we really wanted to develop the north, and to do so in the national interest, I would even go beyond the amendment of the hon. member for Battleford-Kindersley (Mr. Thomas) which is very mild in its terms.

Mr. Chrétien: I am aware of what is going on.

Mr. Saltsman: They are all honourable men and have in mind the national interest. They are all trying to accomplish the same thing. We really should not dither around, pretending that something will come from this kind of measure, when the ultimate decision is going to be made by the industry itself, particularly when representatives of that industry are sitting on the committee.

Mr. Chrétien: Mr. Speaker, I should like to correct a point that has been raised.

[*Translation*]

The Acting Speaker (Mr. Béchard): Order. Is the hon. member rising on a point of order or on a question of privilege?

[*English*]

Mr. Chrétien: On a question of privilege, the hon. member stated that this committee would be controlled by the representatives of the private sector. According to the bill, these members will be appointed by the minister. The membership will be flexible in that there will be others besides civil servants on the committee. The bill does not provide that we appoint people from the oil industry to the committee, and I never said so. The bill provides that not more than three members will be civil servants. Although the government has indicated it would like some representatives from the industry, these members will be selected by the government, not by the industry. That is specifically provided in the bill.

Mr. Howard (Skeena): On the question of privilege raised by the minister, Mr. Speaker, may I suggest that he read his own legislation. Then he would know what he was talking about. He pointedly emphasized with his forefinger that it is the minister who appoints the committee members. The bill makes no reference to that. According to the bill, the Governor in Council appoints the members. Is the minister trying to substitute himself in place of his leader? I know he would like to.

The Acting Speaker (Mr. Béchard): Order. I do not think we should adopt the practice of asking questions at this stage of our procedure because, procedurally speaking, this could be very dangerous.

Mr. Howard (Skeena): Mr. Speaker, it was one of those rhetorical questions to which the minister could not have replied in any event. The minister made another error, and this is a direct conflict between what he said just now on his question of privilege and what he

said earlier. Just now he said that he had no intention of appointing people from the oil industry.

Mr. Chrétien: I did not say that.

Mr. Howard (Skeena): Now the minister says he did not say that. Before that he had said that one purpose of the bill was to ensure that at least two members from the private sector were appointed.

Mr. Chrétien: No, not necessarily.

Mr. Howard (Skeena): A moment ago the minister said he has no intention of doing this. He cannot have it both ways. However, I can understand his confusion because he has presented a very poor case to the house. He is not doing too badly, but he has muffed it once more.

[*Translation*]

The Acting Speaker (Mr. Béchard): Is it the pleasure of the house to adopt the said motion?

[*English*]

Mr. Knowles (Winnipeg North Centre): Carried.

Mr. Chrétien: No.

The Acting Speaker (Mr. Béchard): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Béchard): All those against the motion will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Béchard): In my opinion the nays have it.

Mr. Knowles (Winnipeg North Centre): On division.

The Acting Speaker (Mr. Béchard): Negatived on division.

Motion (Mr. Knowles, Winnipeg North Centre, for Mr. Thomson) negatived.

Mr. Knowles (Winnipeg North Centre, for Mr. Thomson) moved:

That Bill S-29, an Act respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories, be amended, in clause 6, by deleting all words after the word "Canada" in line 40 on page 4 of the bill.

He said: Mr. Speaker, once again I rise on behalf of my colleague the hon. member for Battleford-Kindersley (Mr. Thomson) to present this amendment which has been on the order paper since May 29. The amendment relates to clause 6 of the bill. Clause 6 is the clause in which the government recognizes that it has to do something about a possible conflict of interest in so far as the members of the oil and gas committee are concerned.

I understand that in the proceedings in the standing committee this issue was grappled with and that the government realized that this clause did not go quite far enough. As a result of that realization certain words were added. We think that even with the addition of those words the clause still does not deal with the very real danger of a conflict of interest so far as the members of this committee are concerned. I say that with respect to all the members but particularly with respect to the members who come from the private sector.

As will be obvious to any who have taken the trouble to study these amendments, we are proposing one solution to this problem in this amendment, and if this amendment carries I will not move the next motion because it will not be necessary. I hope that entices hon. members opposite to vote for this amendment. That will save my being a parliamentary assistant four times today. I shall be one on three occasions only.

• (5:10 p.m.)

Let us look at clause 6. I shall read it as it now stands. The clause now before the house is in the form in which it was amended by the standing committee. Clause 6 thus reads as follows:

No member of the Committee shall have a pecuniary interest of any description, directly or indirectly, in any property in oil or gas to which this Act applies or own shares in any company engaged in any phase of the oil or gas industry in Canada, in an amount in excess of five per cent of the issued shares thereof, provided further that no member who owns any shares of any company engaged in any phase of the oil or gas industry in Canada shall vote when a question affecting such a company is before the Committee.

To keep the record complete and to show that I am not thinking this out as I go along, I may point out that that part of clause 6 which I have just read beginning with the words, "provided further that no member," was added to the clause when the bill was before the standing committee. Our proposal, and it is our main proposal with respect to clause 6, is that the clause be amended by putting a period after the word Canada and striking out all the rest of the words in the

clause. They include all those that were there before the bill went to committee as well as those that were added in the committee. The clause would then read:

No member of the Committee shall have a pecuniary interest of any description, directly or indirectly, in any property in oil or gas to which this Act applies or own shares in any company engaged in any phase of the oil or gas industry in Canada.

We think that is the way this clause ought to read. We believe, even with the proviso added in the standing committee that allowing for the possibility of people who own up to 5 per cent of the shares in any company dealing in oil or gas to sit on this oil and gas committee is to put people in the way of temptation, is to invite trouble, and is to provide almost openly for a conflict of interest.

I know it is argued that 5 per cent is a low figure. But we are well aware that that much of an interest can be a major financial holding in companies operating in this field. We think there is no point in recognizing, as the clause seems to do, the problem of conflict of interest and then saying, "Oh, it is all right for members of this committee to hold up to 5 per cent of the issued shares of any company in this field."

It was argued in the standing committee that the stricture in the clause to the effect that no member of the committee shall hold any pecuniary interest in any company covered by the act could be interpreted in such a way that most conflicts of interest would be avoided. To argue in such a way is, I suggest, to ignore the very close interdependence of the large oligopolistic firms in the oil and gas industry.

Because we think that to allow the committee members an interest of up to 5 per cent in any company in this field creates a conflict of interest situation and because the words I noted do not cover this situation in the kind of world we live in today in which we see huge, international complexes, we think the matter ought to be taken care of. That is why we seek to move an amendment to clause 6 asking that the clause stop after the word "Canada". We ask that a period be inserted at that point and that the rest of the words in the clause be deleted.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I wish to try to persuade the minister to accept this amendment. The hon. member for Winnipeg North Centre (Mr. Knowles) has talked about conflict of interest, something that everyone in this house is aware of. It has been a long-established tenet that members of government boards or commissions in Canada and other countries shall not be open to any conflicts of interest. In the United States particularly the members of the Federal Communications Commission, the Federal Trade Commission and similar bodies are required to divest themselves of pecuniary interests in any organizations, companies or enterprises which may be affected by decisions of the board or commission in question. This requirement protects not only the public but also protects and safeguards the members of those boards or commissions. These people are placed above suspicion, the idea being that there should be no opening as a result of which suspicion may be created.

I know that there are many competent and highly technically trained people in the oil and gas industry who may be extremely valuable to the minister. No doubt he will want to use their services. Under the provisions of this bill their remuneration is to be set by the minister and the cabinet. The minister may think that passage of this amendment may mean that almost all the people he may want to appoint will be ineligible for such appointments since many of the people employed in the gas and oil industry hold shares in companies operating in that industry. Anyone who is asked to accept an appointment under the minister will, if our amendment is accepted, have to divest himself of his shares in the oil or gas industry. If these people are interested in serving the public they will serve on the committee if the remuneration they are paid is reasonably good. Surely the minister is as anxious as anyone else to make certain that those sitting on this committee are above suspicion. If our amendment is accepted the members of the committee will not only appear to be clean and above suspicion but they will be clean and above suspicion.

The clause as it stands in my opinion seeks to countenance something that I though had not been practised for many years. What the clause seeks to countenance has not been countenanced in appointments to government boards and commissions under federal and provincial jurisdiction. I think the minister is expecting too much. He may be putting the people on this committee from the private sector of our economy in an impossible position.

I hope the minister accepts the amendment. I submit it is one that ought to apply to the

members of any board or commission of government. Furthermore I submit that any responsible government ought to insist that the appointees to any board or committee divest themselves of anything which may lead to a conflict of interest. I therefore urge the minister not to depart from the kind of practice that has prevailed in the public service and in appointments to various commissions.

• (5:20 p.m.)

[*Translation*]

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, the religious training of the hon. member for Winnipeg North Centre (Mr. Knowles), into advocates official or non official confession—he is in the habit of hearing confessions—makes him see vice almost everywhere.

According to his amendment, it is assumed naturally that all members of this committee will necessarily be so weak they will yield to temptation. If we follow his argument, Mr. Speaker, I do not see who could be appointed, because there are many ways of influencing people.

A member of this committee who would own 5 per cent of the shares in another company could no more be influenced than another member who would not have any interest but whom the oil companies, would attempt to influence with gratuities.

So, the argument could be carried to its extreme limit and could succeed in proving that it is impossible to appoint anyone as a member of a committee who could not someday be exposed to temptation. This 5 per cent limit does not constitute a greater temptation than having a powerful company offer a Christmas present to a committee member in return for protection of its interests. Such things do happen. One must believe, however, that there are still honest people left in our society, people who are able to take an oath of office and to abide by it.

Where are we going? I cannot conceive of a committee whose members could not, on occasion, in a discreet way, sell their conscience, to use a current phrase.

I presume that the government will make sure that the people appointed will have provided evidence of fairness and respect towards the charge devolving upon the incumbents.

In my opinion, the 5 per cent limit is not that important. That is the reason why I do not really see the use of that amendment, Mr. Speaker, I believe that it is simply futile and gives the illusion of a non-existent guarantee.

Another thing might happen. As was said a while ago, someone hoping to be appointed commissioner might sell his shares and pretend to be no longer involved. However, it is a well-known fact that there are fictitious sales.

To sum up, Mr. Speaker, I would say that we have nevertheless to adopt a policy and trust people to a certain degree or else nobody is honest in our society because everyone may give in to temptation. It is not because a citizen has a 5-per-cent interest that he will be more honest, I think.

I hope that when this government or another one—if eventually there is another one—appoints a commissioner, it would first make sure that the man is honest and able to fulfil the duties inherent to that position. If there does not exist that minimum of trust, we will never be able to find a commissioner capable of assuming such duties.

[*English*]

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I suppose other hon. members enjoyed as much as I did the theological dissertation we just had from the hon. member for Trois-Rivières (Mr. Mongrain). However, it was somewhat irrelevant to the realities of the situation we are discussing in relation to clause 6 of the bill. With regard to the amendment, I remind the house of the accepted practice in respect of members appointed to the cabinet. One can draw many parallels—

Mr. Orange: Will the hon. member permit a question? Is the hon. member aware this committee is a part time committee, not full time? That may have some bearing on the argument about conflict of interest and the comparison with cabinet ministers and members of full time federal government boards. Is the hon. member aware of that fact?

Mr. Howard (Skeena): That is no different from a part time government.

Mr. Barnett: My colleague says it is no different from the part time government we already have. We are doing our best to ensure that one minister has to work full time.

Mr. Chrétien: Don't worry about it.

Mr. Barnett: The question of whether the board is to be a full time or part time board

is irrelevant to the subject matter under discussion. I listened carefully to the arguments advanced by the hon. member for Northwest Territories (Mr. Orange) and also by the minister in the discussion regarding clause 4 of the bill. They presented a convincing case for the proposed amendment to clause 6. The minister made reference to the kind of people who might be available for appointment to these positions. He was kind enough to make the suggestion he might be prepared to nominate my colleague the hon. member for Waterloo (Mr. Saltsman) if he was thinking of retiring from the political field. I wish to propose my nomination to the minister. If the hon. member for the Northwest Territories, for whom I have high regard, decides to retire or is involuntarily retired from politics, he may be a suitable person for this board.

I do not know anything about the private holdings of either of these hon. members, but I suspect neither one holds 5 per cent of the shares of Imperial Oil. I mention Imperial Oil because I have no idea of the total value of the shares of Imperial Oil, but I suggest to the hon. member for Northwest Territories that if he held 5 per cent of those shares he would probably be in a somewhat more affluent position than he is.

Mr. Howard (Skeena): He might even be a minister.

Mr. Barnett: The hon. member has been engaged in service to his country in this house, receiving the magnificent stipend provided by the government of Canada to those in that service. The retired chairman of the National Energy Board might be a suitable person to be appointed to this kind of position.

I wish to indicate and underline the importance of ensuring that the people serving on this committee are not shareholders of companies engaged in the oil business. I find it rather astounding that the government has brought forward this proposal. There have been many discussions in the house over the years on the general subject of conflict of interest.

While I agree with the hon. member for Trois-Rivières that the fact one does not hold shares or an interest in a company operating in this field is an absolute guarantee of the honesty and integrity of the person, we have come to accept the old expression about Caesar's wife. It is a recognized principle that people whose responsibility it is to act in the public interest should not only have no conflict of interest but must appear to have no conflict of interest. This clause as it stands is a violation of the basic principle under which we operate in a democratic society.

• (5:30 p.m.)

The hon. member for Northwest Territories raised the question of this committee operating only part time. I presume he means that the people from the public service who are on the committee will receive their remuneration out of public funds. If we look at that part of the bill which provides for members of the committee who are not public service employees, we find they can be paid such remuneration as may be authorized by the Governor in Council. I submit that if it is in the public interest to have people serve on this committee who have expert or technical knowledge in the field of oil and gas, then their remuneration should be fixed at a level which will enable them to perform that service without being involved in the obvious conflict of interest that would be involved were they holding a financial interest in an oil or gas company. I suppose if one were to take this to the extreme—which I am sure would be an unlikely event—then the minister could appoint two people with expert knowledge who both happened to have an association with the same company, and if this clause should stand they could hold 10 per cent of the shares of that company. I am no authority in this field but from my general reading I understand that, in many cases, if two individuals held 10 per cent of the shares of a company they would be in the position of virtually running the affairs of the company. I admit this is an unlikely development, but there is this possibility as the bill stands.

It seems to me the proper thing would be for the minister to agree to the relatively minor increase in the amount of remuneration he might have to pay under the provisions of clause 5 to secure the calibre of people he believes to be suitable. This would be the better course rather than run the risk of having an unsuccessful operation, as is inherent in the clause now.

Mr. R. J. Orange (Northwest Territories): Mr. Speaker, so that there will be no misunderstanding I am not the Parliamentary Secretary to the Minister of Indian Affairs and Northern Development. My interest in this particular bill is as the member for the Northwest Territories. In reviewing the Minutes of Proceedings and Evidence of the committee for Wednesday, May 14, it would seem to me that some of the concern expressed by my friends across the way

might be overcome if they would refer to page 824 of these proceedings where it is indicated the committee moved an amendment to clause 6 which reads:

—provided further that no member who owns any shares of any company engaged in any phase of the oil or gas industry in Canada shall vote when a question affecting such a company is before the Committee.

The members of the committee examined this provision pretty carefully. I cannot help but think that this amendment may meet some of the objections coming from the members of the New Democratic party. It is unfortunate that that particular party was not represented at the committee meeting because their representative might have been in the position of being able to explain to the members of his party the purpose of this particular amendment. As I recall, it was agreed by the members of the Conservative and the Liberal parties who were at that meeting that this seemed to be the best way to overcome the natural concern about conflict of interest. I just point this out in the hope that it may alleviate some of the fears which some members on the other side of the house seem to have.

Mr. Max Saltsman (Waterloo): Mr. Speaker, after listening to the comments from the other side of the house one cannot help but realize the kind of basic assumption being made by the Liberal party.

An hon. Member: What is basic about shares?

Mr. Saltsman: Well, we heard the hon. member for Essex (Mr. Whelan) express concern about putting a tariff on bananas because it interfered with the sale of tomatoes.

Mr. Whelan: No, that is to help the underprivileged countries which supply the cheap bananas, and you know it.

Mr. Saltsman: Mr. Speaker, I hope the Chair will take cognizance of the irrelevancies emanating from that side of the house when we are attempting to discuss a serious matter. It seems to me the assumption is being made on that side that only the businessmen of this country can be trusted to make decisions which affect the development of the nation.

Mr. Chrétien: Oh, no.

Mr. Saltsman: Then why insist—everybody does not understand the reasoning of the minister and the government in this regard—that people from the private sector be members of this committee and not even give us the assurance that those who are members are not involved in a conflict of interests.

[Mr. Orange.]

Mr. Chrétien: Read subclause (2) as amended.

Mr. Saltsman: Even with the amendment there could be a conflict of interest. We on this side of the house are not satisfied that the possibility has been eliminated. We think the only reason many of the people in the private sector will be members of the Committee will be to ensure that their interests are not jeopardized. In the past this country has created Crown corporations of various kinds when the country was being developed. When we established the Bank of Canada it was thought that people involved in banking would have the expertise required of those who would be involved in the Bank of Canada. It turned out that this was disastrous. Ultimately, it was necessary to have the Bank of Canada completely under the direction of the representatives of the people of this country rather than those who might have a conflict of interest. I suggest this very well might be the case in respect of this kind of instrument.

I sometimes wonder whether the government, in bringing in a bill of this kind, is not itself cognizant of the difficulty we are pointing out in respect of a conflict of interest but feels, because of their great commitment to the business interests of Canada, that it is necessary to take this preliminary step, even though ultimately the committee will have to be under public direction in order to preserve the national interest. So, I am very sceptical about legislation of this kind. I wonder, for instance, whether the minister has taken a look at what has been done in Italy. In that country a large part of the oil industry is under national direction, and even though oil is not indigenous to that country the price of the product to the consumer is quite low. In this great nation of ours, where we have all the natural resources, the Canadian consumer pays more for gasoline than does almost any other consumer in the world. So, it does not make much sense to input people on the committee because they have expertise. They have the expertise to suit their own interests, but will they have the expertise to suit the national interest?

I also wonder why some attention has not been paid to having some representation on this committee from the indigenous people of

the north. In some ways we seem to be perpetuating the old benevolent imperialism of the past. I believe there should be a provision which would ensure that the people who live in the north would have some say in respect of the activities of this committee. No such provision has been made.

I do not wish to continue this discussion beyond this point because we have made our position very clear. We have pointed out that unless changes are made in this bill there will be a conflict of interest and that the conflict of interest will result in the north not being developed as well as it might had we been able to eliminate such a conflict.

• (5:40 p.m.)

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

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

Some hon. Members: No.

Some hon. Members: Yes.

Mr. Speaker: All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Speaker: In my opinion the nays have it.

Mr. Knowles (Winnipeg North Centre): How do you know? You didn't call the nays.

Mr. Speaker: All those against will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion, the nays have it.

Mr. Knowles (Winnipeg North Centre): On division.

Mr. Speaker: The motion is negatived on division.

The motion (Mr. Knowles for Mr. Thomson) negatived on division.

Mr. Knowles (Winnipeg North Centre, for Mr. Thomson) moved:

That Bill S-29, an act respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories as amended by the Standing Committee on Indian Affairs and Northern Development be further amended in clause 6 by inserting immediately after the words "affecting such a company" the following words: "or any of its competitors in the oil and gas industry".

He said: Mr. Speaker, I indicated when I moved the previous amendment, which I offered on behalf of my colleague, the hon. member for Battleford-Kindersley (Mr. Thomson), that if that amendment had been accepted by the house it would not be necessary to move this one.

I had hoped that the offer would bear some fruit, but apparently it did not have the right appeal to my friends opposite. May I say at the outset, in case my friends on the other side did not realize it at the time, when I read clause 6 in connection with the previous motion I read it in its entirety including the words that were added in the committee. In other words, I am fully aware—

An hon. Member: Your friends over there were not listening to you.

Mr. Knowles (Winnipeg North Centre): My friends did not need to listen to me because they knew what I was going to say, but I had hoped my friends on the other side of the house would have paid some attention to my arguments before trying to answer them.

The contention that this matter of conflict of interest has been taken care of by adding the words that were added to clause 6 in the committee is in my view quite hollow. Perhaps I should at this point, since we are on the new amendment, read clause six as it is now before the house, namely as it appeared in the original bill plus those words added by the standing committee. I now discover that those words represent an agreement, a plot or a concoction arrived at by the Liberals and Conservatives. I thought there was something wrong with it. I was not a member of that committee so I did not know what had happened. I am just a pinch hitter.

An hon. Member: You are striking out.

Mr. Knowles (Winnipeg North Centre): The trouble is that members of the other side do not realize when I have knocked a home run.

Clause 6 now reads:

No member of the Committee shall have a pecuniary interest of any description, directly or indirectly, in any property in oil or gas to which this act applies or own shares in any company engaged in any phase of the oil or gas industry in Canada in an amount in excess of 5 per cent of the issued shares thereof, provided further that no member who owns any shares of any company engaged in any phase of the oil or gas industry in Canada shall vote when a question affecting such a company is before the committee.

I hope this time my friend, the hon. member for Northwest Territories (Mr. Orange),

and the Minister of Indian Affairs and Northern Development (Mr. Chretien) heard me read those last words which begin with the phrase "provided further". They are not in the printed copy of the bill and I suppose that is why they did not hear me read them. Those words are to be found at page 1047 of *Votes and Proceedings* for Tuesday, May 20.

It seems to me that the committee, when it added those words, admitted that this clause did not go far enough in terms of dealing with the question of conflict of interest. The addition of those words was a clear admission that the stricture imposed on a person having any kind of an interest in a property to which this act applies did not go far enough in reference to people who owned up to 5 per cent of the issued shares of any particular oil or gas company.

Realizing that this was not good enough, the Standing Committee added the words to the effect that persons who do own shares up to 5 per cent shall not vote when any question affecting the company in which they have an interest is before the committee. How ridiculous can this be? We say to people that they can be on this committee and own up to 5 per cent of the shares of a company, but if a matter affecting the interest of the company in which the member owns shares comes before the committee the member shall not vote. But he can still vote if these matters affect some other company which is before the committee. A member must not protect his own interest. He cannot protect his own interest by voting directly on the affairs of his own company, but he is in a position where he can vote in respect of the affairs of some other company.

Mr. Howard (Skeena): Which may be a subsidiary.

Mr. Knowles (Winnipeg North Centre): That other company might be a subsidiary of the company in which the member has an interest. Even if it is an independent company, in so far as these companies can be independent, I suggest that this concoction that was added at the end is utterly meaningless. If the charge of the hon. member for the Northwest Territories was correct, that our members did not happen to be at the committee on that occasion, let me say I am sorry they were not there. I am sure that anyone with half an eye could have seen how meaningless it was to add these words, supposedly thereby coping with the problem of conflict of interest.

[Mr. Knowles (Winnipeg North Centre).]

Therefore, Mr. Speaker, we contend that if the government insists on this right to own shares up to 5 per cent, a few words should be added to this clause, namely "or any of its competitors in the oil and gas industry". If this amendment were accepted clause 6 would then read:

> No member of the committee shall have a pecuniary interest of any description, directly or indirectly, in any property in oil or gas to which this act applies or own shares in any company engaged in any phase of the oil or gas industry in Canada in an amount in excess of 5 per cent of the issued shares thereof, provided further that no member who owns any shares of any company engaged in any phase of the oil or gas industry in Canada shall vote when a question affecting such a company or any of its competitors in the oil and gas industry is before the committee.

• (5:50 p.m.)

If you are going to keep the clause there at all, I believe the words I included should be added. That is why I have pleasure in moving this amendment on behalf of the hon. member for Battleford-Kindersley (Mr. Thomson).

Mr. Speaker: Is the house ready for the question?

Mr. Frank Howard (Skeena): Mr. Speaker, we thought the minister would rise and at least put up some sort of argument on this question, or agree with the amendment. Perhaps I could expand a little on the argument advanced by the hon. member for Winnipeg North Centre (Mr. Knowles) in order to indicate how ludicrous is the position of the government. In clause 6 of the bill the government indicated that it was concerned about conflict of interest. The minister points to the bill, Mr. Speaker. He loves to point to the bill to indicate what is going on.

An hon. Member: It is a good bill.

Mr. Howard (Skeena): My hon. friend says it is a good bill. I cannot account for his inability to grasp what is going on here. The government recognized in clause 6 that there was an element of conflict of interest, or might be, and it had better be controlled. The government said: We will control that element of conflict of interest by saying that if you have more than 5 per cent of the shares—

Mr. Knowles (Winnipeg North Centre): Up to 5 per cent.

Mr. Howard (Skeena): —you cannot be on the committee.

Mr. Knowles (Winnipeg North Centre): Up to 5 per cent.

Mr. Howard (Skeena): Sometimes, Mr. Speaker, the assistance one obtains does not help a great deal.

An hon. Member: That applies to both sides of the house.

Mr. Howard (Skeena): The hon. member for Winnipeg North Centre (Mr. Knowles) was thinking of one aspect of the operation of the committee and I was thinking of another. If you have more than 5 per cent of the shares of a company, you cannot be a member of the committee; "you are not pure enough", says the government to such a person. Five per cent of the shares plus one share makes you impure, suspect, and ineligible to be a member of this great committee. But if you sell that share to your wife, law partner or somebody else, this makes you pure enough to get on the committee and everything will be all right.

Mr. Knowles (Winnipeg North Centre): A share holding of 4.9 per cent is pure.

Mr. Howard (Skeena): Five per cent is purity; 5 per cent plus one share is impurity, as far as the government is concerned, in terms of conflict of interest. This matter was explored even further in the standing committee. As a result of a coalition between the Liberals and the Conservatives, which is not unusual and is certainly not surprising but it has never been quite so direct and in the open as it was in this case, they decided they had better go a bit further with regard to purity and impurity. As a consequence they said: Even though you have 5 per cent of the shares of a company, even though that makes you qualified to sit on the committee, we think we should do something else. We will prevent you from voting on any issue affecting the company in which you have 5 per cent of the shares.

Incidentally, as is well known, in the oil and gas industry the element of competition does not exist to a very strong degree. There is a great element of friendliness in the oil and gas industry, a great element of price fixing and the like; maybe not such that can be ascertained under the Combines Investigation Act, because they operate in a rather secret way, but there is the element of extremely close friendship in this industry which militates against the interest of the consuming public.

The committee, in effect, said to an individual who may be on the committee that he may hold 5 per cent of the shares in company X but he could not vote on an issue affecting company X. He would be able to vote on an issue that affected the parent company of the company in which he held the shares, a subsidiary of the company in which he held the shares, a so-called competitor, or a friendly company with which his company had an agreement.

All the amendment seeks to do is say to the government: If you are really serious about the matter of conflict of interest exhibit that seriousness by taking the next logical step and accepting the amendment proposed by the hon. member for Winnipeg North Centre on behalf of the hon. member for Battleford-Kindersley (Mr. Thomson). If the government does not accept the amendment, all it is doing is window-dressing the idea of conflict of interest and this provision in included in the bill just to look good; the government does not really mean it. If the amendment is not accepted, it simply means that the government is once again exhibiting the fact that it is controlled by the industrial giants of this nation and the individual member of the consuming public will get what is left over, if anything.

[*Translation*]

Mr. Chrétien: I just want to give the necessary explanation.

If one reads the clause carefully, one realizes that there must not be any conflict of interest. We allowed members to hold shares in companies not directly involved in the Canadian North, up to 5 per cent. Of course, this is an arbitrary percentage, and since it is a part-time agency and since we want experts in oil research to sit on it, we do not object to some of them holding a few shares in industries not doing any business in the North. The clause covers this point very well. There must be no conflict of interest between the business of an appointee to the board of directors and his official duties.

[*English*]

Mr. Speaker: Mr. Knowles (Winnipeg North Centre), for Mr. Thomson, seconded by—

Mr. Burton: Mr. Speaker—

Mr. Speaker: Order, please. Is it the wish of the house that we continue?

Mr. Knowles (Winnipeg North Centre): Six o'clock.

Mr. Speaker: 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.

Mr. John Burton (Regina East): Mr. Speaker, I just wanted to say a few words with respect to the amendment before us moved by the hon. member for Winnipeg North Centre (Mr. Knowles) on behalf of the hon. member for Battleford-Kindersley (Mr. Thomson). I also wanted to make a few remarks related to the other amendments which are before us because it seems to me that in this bill, as well as in other measures which will come before this parliament from time to time, we have a unique opportunity to protect the resources of the Yukon and the Northwest Territories in the interests of the people of those areas and of the people of Canada. I think the drafting and preparation of some portions of the bill has been done with considerable care. I urge that further steps be considered in order to make certain that we take this opportunity to ensure that the resources of that area are developed in the interests of the people of that area and of Canada as a whole.

For that reason, I hope that the minister and the government will be responsive to some of the proposals which have been placed on the order paper as amendments. The particular amendment that is before us suggests that anyone who has an interest in an oil or a gas company which has dealings with the Yukon and the Northwest Territories, and who will have to appear before the oil and gas committee, should not have a say in any decisions which are made.

May I point out that when this bill was before the Committee on Indian Affairs and Northern Development, the committee saw fit to propose an amendment which is now before the house which ensures that any member who owns shares of any company engaged in any phase of the oil or gas industry in Canada shall not vote when a question affecting this company is before the committee. These are not the exact words of the motion; I paraphrased them to set out their effect.

It seems to me that if there were cause to amend this section of the bill in such a way as to ensure that anyone who has an interest in a company appearing before the oil and gas committee does not take part in any decision of affecting that company, there is equal cause to ensure that that person does not have an opportunity to make decisions with respect to the competitors of any company in which he has an interest. It should be obvious to all hon. members that just as someone could make a decision which might favourably influence the operations of a company in which he had an interest, so could he influence the operations of a competitor by making an adverse decision.

For this reason, I hope that the minister will be responsive to the proposal placed before us to ensure that there is no chance of any foul play in dealing with the resources of the North. I think this is a particularly important matter because, as I stated previously, we have this unique opportunity to ensure the sound development of our northern resources. Therefore, I hope that the minister will accept this amendment.

The Acting Speaker (Mr. Béchard): Is it the pleasure of the house to adopt the said motion?

Some hon. Members: No.

The Acting Speaker (Mr. Béchard): All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Béchard): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Béchard): In my opinion the nays have it.

Mr. Knowles (Winnipeg North Centre): On division.

Motion (Mr. Knowles for Mr. Thomson) negatived on division.

• (8:10 p.m.)

Mr. Knowles (Winnipeg North Centre, for Mr. Thomson) moved:

That Bill S-29, an act respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories be amended in subclause (1) of clause 7 by adding the words "and two members who are employees in the public service" after the words "in the public service".

He said: Mr. Speaker, this is the fourth of the amendments to this bill inscribed on the order paper by my hon. friend from Battleford-Kindersley (Mr. Thomson). I realize that I have indicated previously the reason for his absence from the house today but perhaps I may repeat that he is a member of the Standing Committee on Agriculture, and that that committee is somewhere in eastern Canada studying the problems of agriculture in that region. It has therefore been my privilege

today to move these various amendments on behalf of my hon. friend.

The one which is now being presented suggests a minor but important change in clause 7 of the bill. Clause 7(1) now reads as follows:

A majority of the members, including one member who is not an employee in the public service, constitutes a quorum of the committee.

Our proposal is to add the words set out in the amendment. If the amendment were adopted, clause 7(1) would then read:

A majority of the members, including one member who is not an employee in the public service and two members who are employees in the public service, constitute a quorum of the committee.

I believe the wording of the amendment, particularly when incorporated into the text already in the bill, makes its purpose very clear. As it now stands, a quorum of this oil and gas committee could be achieved by the presence of two of the non-public servants and only one of the public servants—this is on the assumption that the committee is made up of three members of the public service and two from outside it.

However, as hon. members are aware, the house did not accept our amendment to clause 4 which would have done something with regard to the number of public servants who must be on the committee. It is possible under the bill as it now stands for three, four or even five of the members of this committee to be from outside the public service. If there are as many as three, then, of course, the three outside members can constitute a quorum of the committee under 7(1) and do the work of that committee. But even without such a situation obtaining it would be possible under this clause for the quorum to consist of two of the non-public service members and only one of the public service members.

It has been our contention throughout our consideration of this legislation that the government is giving too wide a scope to those who come from outside the public service. We think this is pinpointed right here in the clause before us which is written in such a way that the non-public service members could direct and control the work of the committee.

As hon. members are aware if they have studied the bill, particularly clauses 8, 9, 10 and 11, this oil and gas committee is not some ladies' aid society, if I may be pardoned for using that phrase. It is a very important body which has the powers of a court of record. Indeed, it has powers equivalent to those of a superior court; it can make all kinds of findings and its determinations with regard to questions of fact can be binding. By a certain process its orders can be made orders of the Exchequer Court of Canada. In other words, without taking the time of the house to read the clauses I have referred to I am making the point that this is an extremely important committee. Accordingly, in the light of our conviction that the public interest should be dominant in this legislation we have already objected to the composition of the committee and we now object to the wording with regard to the quorum which would make it possible for non-public service members to form a majority of the quorum and thereby to control the work of the committee.

One of the objections I can foresee coming from hon. gentlemen opposite, the minister and his parliamentary secretary—

Mr. Chrétien: He is not mine. He is the hon. member for the Northwest Territories.

Mr. Knowles (Winnipeg North Centre): The minister is not as well off as is the hon. member for Battleford-Kindersley. In any case, the minister or the hon. member for the Northwest Territories may try to tell me that if we were to specify that there must be two members who are employees of the public service present to form a quorum we might be making the arrangements unworkable because there is no requirement in clause 4 that there be two members of the public service on the committee. Subclause (1) merely provides that there cannot be move than three public service employees but it does not fix any particular number, nor any minimum. However, I can hardly imagine hon. members opposite using this argument, because by doing so they would be admitting it might be in the mind of the government that the committee should be set up with two, one, or even no members from the public service of Canada.

Therefore, because of the general position we have taken that the importance of this oil and gas industry to Canada is such that the public interest should be predominant I urge that the house accept this amendment to 7(1) which would make it read:

A majority of members, including one member who is not an employee in the public service and two members who are in the public service, constitutes a quorum of the committee.

Mr. R. J. Orange (Northwest Territories): The arguments put forward by the hon. member for Winnipeg North Centre (Mr. Knowles)

are compelling. There is no question about that. We have reached that part of the bill which deals with the constitution of the committee which will operate under the act, at least initially. Earlier today there was some discussion in regard to whether or not members of the committee drawn from the private sector should have some financial involvement in that area. Clause 6 provides that no member of the committee shall have a pecuniary interest in an amount in excess of 5 per cent of the shares of a company. This clause was amended to provide, in effect, that the members could not discuss or be involved in any decisions that affected any company in which they possessed some ownership.

• (8:20 p.m.)

I am wondering at this stage whether the hon. member is not making a point that is a little more fundamental, namely where the board should be located and how it should be constituted by members from the private sector as against the public sector. Reference to the minutes of the committee will reveal that an amendment moved by me, which in effect provided that the oil and gas conservation board should either be located in the Yukon Territory or Northwest Territories, was defeated in the committee. I admit it was a non-partisan defeat because I received support from members in a certain part of the house whereas other members from all parts voted against the amendment.

I was concerned with some of the statements made to the committee by officials of the department. The decision of the committee, I suggest, was based on a cost estimate that was presented by the officials and which showed the extra cost involved if the committee were not located in Ottawa but was established north of the 60th parallel in the area to which this oil and gas conservation act has reference.

The figures presented to the committee showed that if the activities of this committee, particularly its technical activities, were carried on from Ottawa the cost would be in the vicinity of $15,000. If the committee, primarily the staff of the committee, were required to be headquartered in the territories, the cost would be $126,000. I am a little concerned about this information because, when the officials of the department were asked to table the information, they supplied in great detail the estimate of the services if rendered from Ottawa but somehow or other failed to provide the information regarding the services if provided in the territories.

I should like to come back to a fundamental point. I do not think anyone who knows of the oil and gas potential in the north is against the principle of this bill. If those of us who live in the north are to see our hopes, dreams and aspiration with regard to oil and gas exploration in the north realized, this kind of control and involvement on the part of a regulatory body becomes very important. On the other hand, there is concern that, as a result of the location of this body and the fact that people from the public and private sectors are involved, it may once again develop into one of those agencies that are removed from the place where the action is.

As reported at page 796 of the committee evidence, the deputy minister had this to say to the committee:

> I think it is most unusual for Parliament to try to place a restriction on the executive arm as to where part of the public service will be located.

I should like to remind the house that when the legislation setting up the freshwater fish marketing board was passed, the board was designated to be located at Winnipeg. Many other pieces of legislation have designated the location of the headquarters of a particular agency of government.

The hon. member for Winnipeg North Centre (Mr. Knowles) has moved an amendment which would include two members of the public service in any quorum of the oil and gas conservation committee. Although his arguments are compelling, he once again denies the kind of flexibility that I think the minister wants, namely to be able to draw from the best people available, be they in government or industry, to put together the kind of program that will benefit not only the Yukon territory and the Northwest Territories but all of Canada.

If the hon. member will refer once more to the committee evidence, he will find that the deputy minister indicated that this is an interim measure until such time as oil and gas become a very important part of the north in terms of production, not in terms of exploration and development. I suggest that during this interim period not only will the board move north but that the composition of the board should consist, and must consist of necessity, of members appointed full time, not merely for two or three weeks a year.

At present there is excitement in the Mackenzie delta, the Liard valley and along the Mackenzie river itself as a result of oil and

gas exploration. We can only hope and anticipate that in the months ahead—and certainly without doubt in years to come—further oil and gas development will take place there. I should like to think at some stage that the members of the board will be full time. I should like to think that the board and its staff will be located in the north, in the area of activity, if not in northern Alberta where these industries are located.

It seems to me that in some respects this bill may be a little premature. During the hearing of evidence before the committee, it was suggested the bill might also encompass control of offshore oil and gas. I want to think that this bill is to apply particularly and only—and I am speaking to the minister now—to the Northwest Territories and the Yukon territory. I am confident about what is to happen in the MacKenzie Delta, the Arctic Islands and the Liard Valley in time to come. I should like to think that the provisions of this bill will apply to that area and that the staff we are concerned about here, regardless of the sorts of figures which have been given to the committee, will be located in the centre of activity. If the government proposes to introduce legislation affecting other areas of Canada over which the federal government has jurisdiction that legislation should be brought in separately.

• (8:30 p.m.)

In conclusion, Mr. Speaker, may I say that I think the hon. member for Winnipeg North Centre (Mr. Knowles) has made some compelling arguments. I regret he was not a member of the committee. I have served on committees with him before and we could have used his knowledge, expertise and good sense. His amendment tries to ensure—it is the amendment of his colleague for Battleford-Kindersley (Mr. Thomson)—that the public service will predominate on the oil and gas conservation board. Frankly, I do not think this is necessarily desirable. When saying that I cast no reflection on the abilities of members of the public service. I think the hon. member for Skeena (Mr. Howard) pointed out earlier today that I was a public servant. I am very proud of that and I am sorry the hon. member is not here to listen to my remarks. I recognize that the public service has its limitations and weaknesses as well as its strengths. If Canada is to grow and develop we must involve in that development segments of our society other than that very small group in the public service of Canada.

For the reasons I have outlined, I cannot support this amendment. We must involve people outside the public service, no matter what our feelings may be about what may have happened in the past.

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, may I say at the outset that I found the remarks of the hon. member for Northwest Territories (Mr. Orange) informative. I think all hon. members of the house recognize the special interest he has in the subject matter of this bill. As he knows, I had the opportunity a few years ago to see some bits of his constituency. Sometimes I think my constituency is large enough; but we all know that the area he represents here is far larger than any area any other hon. member represents. I learned a great deal about the viewpoint and outlook of the people in the north when I visited the MacKenzie Valley and other parts of the Territory with a northern affairs committee. I also learned something about the hopes and aspirations for future oil and gas developments in that part of Canada.

I am pleased to see that the hon. member recognizes in principle at least the desirability of having a full-time board of competent people. Possibly his remarks to the effect that this is an interim board reflect indirectly some measure of agreement on his part with a point of view put forward by the hon. member for Winnipeg North Centre (Mr. Knowles) and other members of this party. Perhaps the conundrum we have been debating in these amendments could have been avoided if the minister, on behalf of the government, could have assured us that it was the intention to appoint knowledgeable people with a background of experience, but without any connection with the industry, to that board as full-time members. I will go this far in agreeing with the hon. member for Northwest Territories; if that situation were to exist I might be inclined to agree with him that it is not necessary to have people who are actually in the public service on the board. We could have public servants of Canada serving on it in the same way we appoint judges or members of judicial bodies to serve as members of certain bodies, free and unbeholden to other interests or pressures in the country. That has always been my understanding of our objective in such appointments. I detect some agreement on the part of the hon. member for Northwest Territories. Probably he shares, in some small

measure, my opinion as to what is most desirable with respect to the composition of the board.

We face the proposal the government has presented to us. Debate on other amendments indicated that, under the circumstances, we feel it would be desirable that most of the decision making on the interim board, as the hon. member calls it, should be in the hands of people fully and directly responsible, through the government, to the people of Canada. I felt that some of the remarks of the hon. member for Northwest Territories were more relevant perhaps to sub-clause 2 of the clause we are considering than to the amendment we are debating.

I express the hope that his concern about the locale of the board and the focus of the board will be dealt with by the committee as a result of powers granted to it under sub-clause 2. I hope the minister will consider it desirable that those people assigned from the public service to serve on the committee will be free to make their own rules with regard to to places and times of sitting, so that they may meet the objectives which were advanced by the hon. member for Northwest Territories. This would tend to make the work of the committee more effective and its decisions with respect to the development of the industry in the north would be more realistic. While the hon. member has indicated his disagreement with the text of the amendment now before us, I feel perhaps that he harbours some fair measure of agreement with the spirit of the objectives we are trying to promote. For this I thank him, Mr. Speaker.

The Acting Speaker (Mr. Béchard): Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Béchard): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Béchard): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Béchard): In my opinion the nays have it.

[Mr. Barnett.]

Mr. Knowles (Winnipeg North Centre): On division.

Motion (Mr. Knowles for Mr. Thomson) negatived on division.

Mr. Thomas S. Barnett (for Mr. Howard (Skeena)) moved:

That Bill S-29, An Act respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories, be amended by deleting clause 58 thereof and substituting therefor the following:

"(58) This Act shall come into force following a settlement mutually acceptable to the Crown and the people commonly referred to as Indians and Eskimos indigenous to areas now referred to as the Yukon Territory and the Northwest Territories at the time European explorers or their descendants first visited the areas, and the said settlement relating to lands, resources and other tribal or community property rights of the said people."

• (8:40 p.m.)

[*Translation*]

Mr. Chrétien: On a point of order, Mr. Speaker.

The Acting Speaker (Mr. Béchard): Order, please. The Minister of Indian Affairs and Northern Development is raising a point of order.

Mr. Chrétien: Mr. Speaker, I wonder whether the motion of the hon. member for Skeena (Mr. Howard) is in order. I doubt it very much because this amendment has nothing to do whatever with the bill now under consideration. I realize there are problems connected with treaties entered into with the North-West Territories and it is our intention to take the necessary steps to settle them. However, this matter is altogether outside the scope of this legislation which is dealing with the production and the development of the oil resources in the North-West Territories.

Therefore, Mr. Speaker, I would ask you to rule this amendment out of order.

[*English*]

The Acting Speaker (Mr. Béchard): I thank the hon. minister. Is the hon. member speaking on the point of order?

Mr. Barnett: Mr. Speaker, I wish to speak on the point of order raised by the minister. If I may be allowed to say so, I think at the moment the minister has a conflict of interest with himself inasmuch as he has responsibility for the people referred to in this proposed amendment.

The minister made reference to the existence of certain treaties within the Territories covered by this bill but I suggest that is quite irrelevant to the question of whether the amendment is in order. The particular clause under consideration has to do with the coming into force provisions of the act. The amendment changes the proposal in the bill with respect to the coming into force of the act. It does so on grounds that should be of particular interest and concern to the minister in connection with the other aspect of his portfolio, because it is basic to the whole question of the right to the development of oil and other resources of the Territories. If this consideration is not relevant to the manner in which these resources will be developed, then this house is negating one of its basic responsibilities about which the minister has expressed some concern in other contexts. I refer to the right of the Territories to the land and resources which lie beyond any of the treaties to which the minister referred. The question of order does not relate to the relevance of this amendment as it concerns the treaties, but rather to the basic question of the right to exploration for the oil itself.

In this particular bill we are dealing with a section of Canada for which this parliament has direct responsibility in respect of the resources, land, its use and development. The minister can not suggest this amendment is out of order because jurisdiction overland and resources is in the hands of the provinces. This question relates clearly to how, when and to what extent this bill should come into force so that it will be consistent with the position being taken with regard to the right of the indigenous people to the resources and use of the land which they occupy.

The amendment proposes to change the existing provision with regard to the proclamation of certain provisions of this bill until we have dealt, as we have the right to do in this parliament, with our responsibilities to the indigenous people. This bill provides us with a unique opportunity to tell the indigenous people of the Northwest Territories and the Yukon, where I understand there are no reserves in the ordinary sense and where the indigenous people do not want reserves, that we will recognize the principle of a fair settlement of their indigenous rights to the territory. In this particular part of Canada we are increasingly moving toward infiltrating their rights.

I argue that this amendment to alter the coming into force provision is clearly within our jurisdiction. We should have a right to discuss this matter before the bill proceeds any further.

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I would like to say a few words on this point raised by the hon. member for Comox-Alberni (Mr. Barnett). I suppose geographically there is no one in this house who is further removed from the area mentioned in this particular amendment than myself, and perhaps philosophically there are few people further removed from the hon. member for Comox-Alberni than myself.

Mr. Barnett: Not really.

Mr. Macquarrie: Probably not. A fellow shouldn't say that, Mr. Speaker. I think the hon. member for Comox-Alberni has stated in terms of compassion and realism something which should affect us in our deliberations on this bill. I would be shocked and surprised if anyone were to suggest that this matter of the acceptability of the application of this legislation to the people mentioned in this amendment should be recorded as out of order. Indeed, I am shocked and surprised. I come from a constituency where the people mentioned in this amendment do not exist. I commend the hon. member for Skeena (Mr. Howard) and the hon. member for Comox-Alberni who is speaking on his behalf, for bringing forward a suggestion which is not only compassionate, but practical. I ask that no thought be given to the restricted, narrow and brittle suggestion that such amendment be ruled out of order.

• (8:50 p.m.)

Heaven knows, Montesquieu was not the first man who noted the distinction between the letter and spirit of the laws. If these laws are not too happily and properly applicable in the area of their geographical jurisdiction this would be a most unhappy state. So I should like to say, Mr. Speaker, with great brevity but with utmost sincerity, that I agree 100 per cent with the hon. member for Comox-Alberni who was hitting the truth right on the head tonight.

Mr. Orange: Mr. Speaker, on the point of order, may I say that I have listened to both the hon. members who have just spoken with compassion in respect of what should happen to the people who were born in the Northwest

Territories. One cannot help having a feeling, however, that this bill is a technical bill based on some emergency which could exist such as a well coming in tomorrow. I should like to give examples of the kind of thing this bill is intended to do. It is to establish regulations requiring and prescribing the making of tests, logs, analyses and surveys, and the taking of samples. Another section refers to the designation of fields and pools prescribing the method to be used for the measurement of oil, gas, water and other substances obtained from wells. Then, there is the section which mentions prescribing the measures to be adopted to confine any oil, gas or water encountered during drilling operations to the original stratum and to protect the contents of the stratum from infiltration, inundation and migration.

In effect, this bill is a technical bill designed to meet what could be an emergency tomorrow, particularly if we should discover oil and gas in some areas, as is happening I believe at the moment. I do not believe this amendment has any relation to the traditional rights or demands of the people who were born in the Yukon Territory or the Northwest Territories and who can be described as Indian or Eskimo people. I think this amendment is out of context in relation to this particular bill. The minister, who has a responsibility to bring in ideas for the resolution of what we call treaties 8 and 11 which have never been resolved, I think has this in mind in another area. I believe the minister has a direct responsibility to do this. Members of the committee who are in the house, and those members who heard me talk about this earlier today, I am sure will recognize that I am not too enthralled with certain aspects of the bill, particularly in respect of the location of the staff of the committee. But I do not believe this particular amendment has any relation to the present circumstances with which we are dealing, since this bill is intended to control the production of oil and gas in the Yukon Territory and the Northwest Territories. It is completely divorced from the indigenous rights of the native peoples of the north. I should like to suggest that this particular amendment is out of order.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I should like to add a few words in support of the position taken by the hon. member for Comox-Alberni (Mr. Barnett) and supported so effectively by the hon. member for Hillsborough (Mr. Macquarrie). I may say that this amendment, as everyone knows, is before the house in the name of the hon. member for Skeena (Mr. Howard). He was here this afternoon to help us when we were dealing with the amendments we moved on behalf of the hon. member for Battleford-Kindersley (Mr. Thomson). The reason he is not yet here this evening is that he is attending a meeting of the Standing Committee on Fisheries and Forestry over in the West Block. We have sent word to him, and if he is not too heavily involved there, we know he will be here to take part in this debate. This does not mean that I will keep this debate going indefinitely.

There is no argument about the right of members to present amendments to the various clauses of a bill at the report stage. That is provided for under Standing Order 75. One recognizes, however, that that right to put down amendments is circumscribed by certain general rules regarding amendments. We came up against this when we were dealing with the report stage amendments to the Criminal Code bill. Some of the amendments we produced in respect of that bill were ruled out of order and with justification. In fact, after two or three had been ruled out of order we did not even argue about some of the others because clearly they were beyond the scope of the bill. I might mention them as a part of making my point. The Criminal Code bill which was before us dealt with many subjects well known to everybody. We tried by amendments to have the bill deal with the question of expunging criminal records, the question of corporal punishment and a few other matters. None of these subjects had been alluded to in any way by Bill C-150 so we had to accept the judgment of the Chair that they were beyond the scope of the bill.

I gather that the Minister of Indian Affairs and Northern Development (Mr. Chrétien) is relying on that judgment as one which should apply here. He is contending that this amendment is beyond the scope of the bill. I think the wording he used is, "not related to this bill". I submit there is a world of difference between the kind of amendments to the Criminal Code bill that were ruled out of order and this one. Those amendments sought to bring before the house another subject altogether. This amendment does not seek to bring before the house another subject. It lays down one of the conditions that we feel should be applied before this bill is put into effect. I would point out that the bill itself makes clear in clause 3 that it applies to oil and gas in the Yukon Territory and the Northwest Territories. This is an area in

which the rights of the Indian and Eskimo people figure very largely. Surely, it is within the right of this house to say that if we are enacting legislation which relates exclusively to areas in which the rights of these people figure so largely it should be in order to write into the bill something to protect those rights.

The hon. member for the Northwest Territories (Mr. Orange) says this bill is a highly technical one. There is no gainsaying that point. But perhaps I might draw attention to one or two of its provisions. I shall do so by noting clause 12, both the preamble to the clause and subparagraph (a). Under the provisions of that part of the bill regulations may be made respecting the exploration and drilling for oil and gas. Subparagraph (a) talks about regulations respecting the locating of wells and so on. So, as I go on through all the provisions of clause 12 and its various subparagraphs it seems to me these things which the Governor in Council is empowered to do are all things which could impinge upon the lands or the rights or privileges of the indigenous people, the Indian and Eskimo people, in that part of Canada.

• (9:00 p.m.)

Therefore, it seems to me to be very much a part of what we are doing in this legislation. When we come to the clause which provides for the coming into force of this measure, I suggest that since this legislation deals with matters affecting these people they should be consulted before it actually comes into force. That is why we propose this amendment.

There is also clause 58, which says that certain sections shall come into force on a day to be fixed by proclamation. I take that to imply that the rest of the sections come into force when the bill is given royal assent. The hon. member for Skeena (Mr. Howard) suggests that in line with the rights that these people have, this act should not come into force until there has been a settlement mutually acceptable to the Crown on the one hand and the Indian and Eskimo people on the other. In so far as they have rights in this particular area, it seems to me that this proposal is completely different in nature and kind from those that were ruled out of order when we were dealing with Bill C-150. I would hope that for technical reasons, and those reasons of compassion so eloquently presented by the hon. member for Hillsborough (Mr. Macquarrie), Your Honour will find this amendment in order.

[*Translation*]

The Acting Speaker (Mr. Béchard): I am very thankful to the hon. members who were kind enough to enlighten the Chair at this time.

I have listened with much sympathy the remarks of the hon. member for Comox-Alberni (Mr. Barnett). The amendment moved by the hon. member for Skeena (Mr. Howard) is perhaps relevant to the exploration and the production of oil and gas, but, at this stage, it must be determined whether it is relevant to the bill itself.

The Chair entertains serious doubts as to whether the amendment is in order, in that it is rather a motion—

[*English*]

It is suggested that the motion proposed on behalf of the hon. member for Skeena (Mr. Howard), is not in order in that it is in the nature of a substantive motion which seeks to introduce new questions into the bill.

As stated at page 558, May's 17th edition, a new clause is out of order for many of the same reasons as an amendment and, in particular, will not be entertained; (1) If it is beyond the scope of the bill; (2) If it is inconsistent with clauses agreed to by the committee; (3) If it is in effect a redrafting of a clause which is already in the bill. Accordingly, the question on the said proposed motion cannot be put to the House.

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development) moved:

That Bill S-29, respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories, as reported (with amendments) from the Standing Committee on Indian Affairs and Northern Development, be concurred in.

[*English*]

Motion (for concurrence) agreed to.

Motion agreed to, bill read the third time and passed.

TELESAT CANADA ACT

MEASURE ESTABLISHING CORPORATION FOR TELECOMMUNICATION BY SATELLITE—REPORT STAGE

The house proceeded to the consideration of Bill C-184, to establish a Canadian corporation for telecommunication by satellite, as

reported (with amendments) from the Standing Committee on Broadcasting, Films and Assistance to the Arts.

Mr. Max Saltsman (Waterloo) moved:

That Bill C-184, an act to establish a Canadian corporation for telecommunication by satellite, be amended, in clause 3, by deleting the words "together with such persons as are shareholders of the company from time to time"; and by deleting the words "with share capital"; and by inserting the word "Crown" before the word "company".

Mr. Macdonald (Rosedale): Mr. Speaker, I do not know whether the hon. member for Waterloo (Mr. Saltsman) will agree, but I should like to suggest to Your Honour that you might exercise the discretion given to the Chair under Standing Order 73(10) to combine this amendment with the second amendment set out in the order paper in the hon. member's name.

Unless the second amendment is made in conjunction with the first amendment, assuming it is carried, then the bill would be just nonsense, because you would then have two directly conflicting provisions. It seems to me that it is essential that amendment No. 1 and No. 2 must be considered together. Perhaps Your Honour would rule that we might consider both amendments at the same time in order to decide whether or not this is a Crown corporation.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, perhaps I might say a word on behalf of the hon. member for Waterloo (Mr. Saltsman) who moved this motion. We are quite prepared to agree to that suggestion. It will be obvious to those who have studied these two amendments that the second one is consequential and only necessary if the first amendment is adopted. If the first amendment is not adopted, then the second one is perhaps in vain. Therefore, it would be quite satisfactory as far as we are concerned to have the two amendments taken together. We want to be sure, if the first amendment is adopted, that provision is made for the necessary and consequential amendment. Therefore, we agree with the suggestion that there be one debate on the two amendments in the name of the hon. member for Waterloo.

The Acting Speaker (Mr. Béchard): It is suggested that amendments one, two and three, standing in the name of the hon. member for Waterloo (Mr. Saltsman), be considered together. The purpose of the amendment is to convert the telesat Canada corporation into a Crown company. If the first amendment were negatived the third amendment would be a nullity. Therefore, it is suggested we leave the third amendment until we have considered the first. Should amendment No. 1 be decided in the affirmative then the house could consider the third amendment and dispose of it. We will now proceed with amendment No. 1.

Mr. Max Saltsman (Waterloo): Mr. Speaker, it is a privilege for me to speak to this amendment which was originally proposed by the hon. member for Selkirk. It now stands in my name. I am asking for Telesat to be made into a Crown corporation. Let me make it very clear that my argument is not based on any ideological ground. I am trying to make a practical presentation in respect of why this should be a Crown corporation. Our feeling is that it will work much better and will serve the nation's interest to a greater extent as a Crown corporation than under the present arrangement suggested by the minister.

• (9:10 p.m.)

We are not opposed to joint participation, the crown participating with private interest or other governments. We can think of many instances where such joint participation would be of advantage. We have in the past made such suggestions, particularly with regard to the potash industry where we felt it would be advantageous for the crown to combine its resources with those of other interests in respect of certain kinds of development.

However, in this case it must be obvious that a very severe conflict of interest arises in trying to weld together the national interest as represented by the crown, the private interest as represented by investors, who after all are like other investors and interested only in the rate of return on their money, and the interest of the common carriers who in the communications systems are very eager to protect and enlarge their activities.

It became quite obvious during the committee hearings that these interests were in conflict. At one stage a very serious disagreement arose between the communications people and the minister as to who was to use the telephone openings in Telesat. Therefore, if the program is to be successful, this conflict must not take place. The best way of resolving the conflict is to ensure that the crown itself operates Telesat. It can bring in the private investors in other forms; it can issue debt instruments on the market; it can go to the

market for its funds without giving equity to private investors, and with that equity giving them a voice that may be in conflict with that of the crown. In the same way, the common carriers of Canada can have that interest represented in various ways without actually having share ownership in the corporation.

One of the arguments frequently made for public ownership, aside from conflicts of the type I have mentioned, is that sometimes an operation is so complicated that if you have to administer, supervise it and resolve the conflicts that arise, the cost of the supervision and administration exceeds whatever benefits will accrue from private involvement, we have seen this happen in the past; we have seen it with the Bank of Canada and other corporations in Canada where ultimately they had to be turned into completely public corporations because of the conflicts and difficulties of administration.

The minister is not unaware of the possibilities of a crown corporation, because in his testimony before the committee he indicated that he had considered public ownership; this was one of the things he had taken into consideration before making his recommendations. But what was disturbing about the minister's indication that he had considered public ownership was the rather cavalier way in which he dismissed it. I would like to quote from the minister's statement to the committee so that the house may know what he said about public ownership and some of the arguments he made on behalf of public ownership before dismissing those arguments. At one stage of the committee hearings he said:

> Let me say frankly that such a proposal—

That is, a crown corporation.

> —has some superficial attractions to me: it would rid me of a lot of headaches. Drafting legislation for a crown corporation would be relatively simple; I could probably make some easy political mileage by running against the telephone companies and finally I would have no more worries about cost and efficiency.

I emphasize these words in the minister's statement, "I would have no more worries about cost and efficiency". This is the Postmaster General of Canada (Mr. Kierans) speaking, the man who operates the Post Office. Is the minister telling us that because the Post Office is run by the government of Canada he is not concerned about cost and efficiency? Is he telling us that the only people concerned about these things are private entrepreneurs, and not the government? If this is his attitude toward the Post Office, I think some of the credit that has been coming his way regarding the management of the Post Office has been misplaced. I hope that the Postmaster General of this country is as much concerned about cost and efficiency in his department as any private entrepreneur. The minister continued in his statement to the committee:

> If the satellite system, under a crown corporation, proved to be more expensive than forecast, this could readily be explained away as inevitable in a first-of-its-kind project of this type, and the extra cost unloaded on to the taxpayer.

What a remarkable statement from a minister of the crown! What an indication of his attitude toward the operation of government departments—"the extra cost unloaded on to the taxpayer". Is this his reason for rejecting a crown corporation, namely, that he has so little confidence in himself and the people associated with him in his party that they are afraid to trust themselves with a government enterprise? Surely, no more spurious argument than that could be made against a crown corporation.

In effect, the minister is telling us that as long as the Liberals are in office, with the kind of mentality and attitude expressed by the Liberal party, any hope of getting efficiency in government departments can be forgotten. We have suspected that this situation existed. One has only to consider the chaos in the passport office today to see one example of the sort of thing the Postmaster General is worried about.

However, I like to think back to the days when the Postmaster General was not in the cabinet, perhaps even to those days before he was running for the leadership of the Liberal party. In those days I think he made some of the finest statements ever made in this country with regard to possibilities for the future of Canada. He had great idealism and courage then. What has happened to that idealism and courage in the intervening period?

An hon. Member: He has been clobbered by Benson.

Mr. Saltsman: My colleague has just suggested the answer, he has been clobbered by Benson.

Mr. Kierans: Battered by Benson.

Mr. Saltsman: I thank the minister, Mr. Speaker; he has just said, "battered by Benson". This is a very clear indication of how

the Postmaster General can rise to the occasion. Hopefully, he will rise to the occasion in this instance and accept the opportunity offered him by the amendment. The minister's statement continued in these words:

—government could, by using its tremendous resources, create a crown corporation to compete with the automobile manufacturers. Government ownership is the easy way out. The trick, in terms of the maximum public good, is to achieve maximum efficiency but under the umbrella of government regulation, and if necessary, involvement. We could use up the government's scarce financial resources to build the system entirely ourselves. I believe that money can better be spent on a hundred other purposes, from regional development to foreign aid.

I draw attention to two things contained in that statement. First, there is what I think is the rather offhand suggestion as to the government getting into the automobile business. We are not here to argue about the automobile business tonight. But there are many areas in which the government could usefully create a crown corporation. We have argued for a crown corporation in respect of drugs, which would very effectively lower drug prices in Canada. The government could in many areas enter the marketplace as a competitor and effectively serve the people of this country by reducing consumer prices and increasing the efficiency of certain industries. Just because the government does not enter these fields does not mean that a crown corporation should not be established for Telesat. The minister said that money can better be spent on a hundred other purposes, from regional development to foreign aid. The implication is that if the government raises money for Telesat there will not be any money for regional development or foreign aid. Surely, the Postmaster General is far too good an economist to believe that kind of statement.

Whether we have money for foreign aid, regional development or Telesat depends upon the government's willingness to go into the money market and decide its priorities there. Since the minister has entered the cabinet it seems he has recognized how unwilling are his colleagues to change and reorganize the system under which we operate. He has developed this rather defeatist attitude toward what can and what cannot be done. Looking at the minister's statement, I am led to the conclusion that his objection, was that the government could not obtain the money and that if it had to get the money for this purpose it would not have money available for other purposes. Where is this money going to come from? Either way it is going to come from Canadian sources. There is no suggestion that Telesat be financed by foreign money. The financing will come from Canadian savings of one kind or another, and presumably it will not make any difference who uses the savings. The real question is not whether the money is available or whether it can be obtained. The question is: Are we going to obtain the money by giving away ownership, by giving away a say in Telesat and by creating this conflict of interest, or are we going to obtain the money by an issue of bonds and debentures. In other words, we are going to provide a return to investors who wish to invest in Telesat. The question is: In which way are we going to do this? It seems to me that one way is much more effective and purposeful for what we are trying to do as a nation than the other. It is really a question of what kind of terms we are prepared to offer. If the minister is prepared to offer one third of the shares to private investors, and if he is going to get the private investors interested in buying those shares, he will have to offer them a pretty attractive package which will compete with existing investments. There is no reason why he cannot offer them this kind of attractive package in an issue of bonds.

• (9:20 p.m.)

At some stage in the committee hearings the minister made the statement—and he may correct me if I am not quoting him accurately—that one of his reasons for going to the common carriers and to the public is that he does not want the Canadian people to pay for this venture. Had this statement come from someone without the minister's considerable background and qualifications, I would have shrugged my shoulders and said that it was the response of an ignoramus. But it did not come from an ignoramus. It came from the Minister of Communications and Postmaster General (Mr. Kierans), a knowledgeable economist, and the former president of the Montreal stock exchange. What does he mean when he says that we would have to pay for it if it were financed as a Crown corporation? The Canadian people will have to pay for it anyway, whether it is financed as a Crown corporation or whether it is financed under this arrangement.

Let us consider the situation and the possibilities as well as the reasons for which I say the Canadian people are going to pay for it. If this corporation loses money, it does not

make any difference whether it is privately or publicly owned. In either case, the loss will be made up by the taxpayers of this country. It will come out of their pockets either, in the form of higher prices or in the form of higher taxes. So, let us not go along with the pretence that one way you save the taxpayer money and the other way you do not. As Jakubowski said in the book, "Jakubowski and the Colonel", there are two possibilities. The first possibility is that it will do well and make money. In this case, we will have given away a profitable undertaking which would have been of benefit to the Canadian people and to other investors. That would be a pretty pointless situation. You would be giving away an advantage you possess on behalf of the Canadian people. The minister is the initiator and we, as the parliament of Canada, are being asked to approve this program, so we too are initiators. I think it would be a pretty poor business to give away our advantage in such circumstances. Certainly, acting on behalf of the Canadian taxpayers and citizens as I believe we are here to act, we would not want to be put in this position. So, let us leave that possibility for the moment. If the Corporation makes money, then it is too bad that we have not taken it into public ownership.

Suppose it does not make money, which is also a possibility. First of all, if this happens, all the private investors are going to leave. How long do you think the investors would stay in Telesat if their rate of return were not equivalent to other rates of return in the market place? How long would they keep their money in Telesat? They would soon pull out. What would be the result? Would the government of Canada pull Telesat out of the sky and say: "Sorry, Telesat, we cannot finance you any more; the private investors have pulled out"? Of course not, we will have to finance it ourselves anyway. That money will have to be raised in some way because we cannot afford to back down from this program once we are committed to it. It is far too expensive and far too important.

Once we make a commitment to this kind of program, we are stuck with it whether or not it makes money. Obviously, the private investor will not stay in unless the venture is making money and giving him a very good return, the same return as he would get from any other equity on the Canadian, the U.S. or any other market. We have heard all too often about dealings on the international markets and the way in which the investors consider the rates of return and invest accordingly. So, let us not be misled about that. It is quite obvious that the government in that case would have one of two choices. It would either have to find some way to satisfy the private investors, such as juggling the books to make it look as though Telesat were making money or else encourage the private investors to put their money into Telesat. This is not what the minister has been saying or leading us to believe and in either case it is the Canadian people who are going to pay for it, whether they will be paying by way of giving investors a large profit or by way of subsidizing the program.

When we examine the common carriers' position we realize that obviously they will not join this present troika arrangement out of charity. Obviously, they are in it first of all to assure themselves a place in the new technology and, secondly, to make money. I do not blame them for that. That is what they are in business to do. Those were the terms of reference. What happens if they do not make money? Do you think they are going to be happy? Do you think they will continue to invest? One of two things can happen. They might pull out and say: "I am sorry, this is a losing proposition. We have a responsibility to our stockholders, so we have to pull out. We cannot go on in this thing". In this case, the minister will have to come to the rescue and dip into the pockets of the Canadian taxpayers to make sure that the project does not collapse. What will most likely happen, despite the objections that the minister raised to this suggestion in the committee, is that there will be some juggling, and if it does not make enough money an adjustment will be made to ensure that it does. In such a position we would be robbing Peter to pay Paul. If you take a look at the common carriers, you find that, first of all, we have Bell Telephone.

• (9:30 p.m.)

If Bell Telephone invests in Telesat and the venture does not pay off, with the result that the rate of return to its shareholders drops, the company goes to the Board of Transport Commissioners with an application to increase the rates charged to private users of telephones on the ground that the return is not high enough. We practically guarantee this company a specific rate of return, and the rate has been exceeded time and time again. But the point is, they are guaranteed this rate of return, and if they lost money on Telesat the loss would be made up by the

Board of Transport Commissioners permitting increased rates for telephone charges. The telephone users will pay, and since most people in Canada use telephones, this means the majority of Canadians.

The C.B.C. would also be using this system. If it does not make money, what difference will it make? The C.B.C. will simply ask for a larger subsidy next year. What kind of fraud are we being handed when we are asked to believe that by going in with the common carriers and private investors we shall save the taxpayers' money? The Canadian National is also involved. What happens if the C.N. loses money? Will it not be made up one way or another by way of higher passenger fares or in the form of a larger subsidy from the government? It seems to me the argument advanced on behalf of the government that this deal is being split three different ways because of a reluctance to dip into the pockets of Canadian taxpayers is a spurious one. Either we are being misled about this, which is something I do not like to contemplate, or we are finding ourselves in the presence of some very foolish economic thinking. In either case, the proposal should be dismissed. It should be rejected, and the amendment put forward should be accepted as a means of correcting the error.

Having dealt with the financial aspect, I want to indicate that I do not object to the Telesat program itself. My hon. friends and I object to the method of financing which is proposed. We have a few other minor objections; for example, we believe the government is keeping us in the dark with regard to some matters, and being less than forthcoming about the situation. I told the minister that I was not sure whether Telesat was really an economic program, or whether it was really necessary at this time—whether it could be justified in economic terms. But I also said I was prepared to go along with the program. I was even prepared to express some admiration for his willingness to think ahead and take the lead in a technological venture of this kind. I was glad to see Canadians prepared to take some risks. But I was not prepared to see him jeopardize his own program by linking it with a foolish financial and organizational structure.

The minister has told us we need Telesat; that it has a social purpose. We need it for the development of the north. Some in this house will argue that there are very few people living in the north of Canada, that this is an expensive project and that it might not be wise to spend so much money just to please a few trappers, a few hunters, a few workers on the oil rigs, a few mounties. But I think it is important that we show some vision with regard to the possibilities of the north. It will not always be a wasteland with only a few people living there. A good argument based on the social development of the north could be made; the proposals before us could be justified on the basis of the sound future development of this country.

The minister has indicated there are political implications attached to this. There are. We know that one province in particular is negotiating agreements with a foreign country for satellite programs. Perhaps we can head this off. Perhaps we can strike a blow for national unity. Perhaps we can show we are prepared to be the first in some things, not the last. Telesat can do this for us.

Then again, the development of a satellite may have spill-over effects. The minister has not been able to tell us conclusively what these benefits are likely to be, but no one with imagination and a degree of familiarity with what is going on in the scientific world today doubts there will be worthwhile side-effects which will place us in a position to take advantage of further technological development. Moreover, it will give our scientists an opportunity to participate in extending the frontiers of the new sciences, and for this reason, to, we should be very much concerned with Telesat.

To return to the economic question. It would have been far better for us and, I believe, for the minister, had he been willing to take us into his confidence and give us some idea of the costs involved. We have repeatedly asked the minister to issue the cost benefit studies so as to make this information available. These requests have been refused. We have put down three motions for the production of papers in an attempt to obtain some of the facts as to cost and some of the estimates for Telesat. The refusal to provide this information can only lead to a suspicion that the minister wants to hide something. Surely, this is a bad way to begin such a program, particularly when there are people on this side of the house who share some of his concern, some of his vision for the future, and who would have been willing to support him as we have in the past in connection with projects of this kind which are worthwhile and good.

My time is drawing short, Mr. Speaker. I wish once more to address this question to the minister: why is he so firmly opposed to the establishment of a Crown corporation? I have carefully reviewed the minister's statements; I have considered his arguments, and I find them unconvincing. Is the minister afraid to accept responsibility for his actions in this field? If you establish a Crown corporation you stand or fall according to its failure or success. Does the minister feel he has to bring in three parties so that later on he can say: it did not work very well because of the shortcomings of this party, or of that party, but we intend to fix it up. I would hate to think this is the case. If it is technical information the minister needs, this can be made available without the carriers' direct participation.

• (9:40 p.m.)

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I find myself in a somewhat unusual and painful position. I agree profoundly with the *obiter dicta* of my colleague from the New Democratic party, but I cannot go along with him when he comes to making a judgment. I should like to say too that in the broadcasting committee, which had umpteen meetings on this important legislation, his predecessor, the hon. member for Selkirk (Mr. Schreyer), was, in my opinion, one of the most astute and able appraisers of this legislation. As a one time resident of Manitoba, I am prepared to make the prediction that the hon. member for Selkirk will become the leader of a certain party in a short time. He will also go on to become leader of the opposition and will offer, I think, constructive opposition to a re-elected Weir government which will take over the affairs of the province with a greater mandate than ever before.

I should like to say that the hon. member for Waterloo (Mr. Saltsman), who came here after I became a member, has always seemed to me a man with extremely good economic judgment and a lot of business knowledge. However, when he comes to the real brink of making a judgment, he becomes somewhat more partisan than perceptive and just misses the bus in the matter of making an astute judgment. I must say that there was not too much of what he said tonight with which I found myself in accord.

I was a bit fearful when my hon. friend suggested that there be a little more control by the government in this important matter. It seems to me, having looked at the legislation over these past many weeks, as I heard the minister and as I looked upon the minister's pronouncements, that the thing of which the Canadian people might be most fearful was an extension of the ministerial jurisdiction in this important realm of communications. Bill C-184 time after time after time contains these ringing expressions: "except by permission of the Governor in Council"; "with the approval of the minister", and so on. It is not by any means a piece of legislation that indicates there is no such animal as a minister presiding over the destiny of these things.

I am often troubled by people who are fearful of the machinations and operations of the so-called detached corporations, such as the Canadian Broadcasting Corporation. People worry about what these corporations are doing. The only thing that makes me comfortable when I look at the C.B.C.'s operations is that I would far sooner have Dr. Davidson running its operations than I would the Secretary of State (Mr. Pelletier).

Therefore, I am not sure that I would want to have the larger imprint of the emanation of government in this very important field of telecommunications. Perhaps it is a good thing to have some utterance and comment from those who are not of the government sector in this tremendously important field. We know that not all corporations are bad, though God knows not all are good. We in this house have checked the estimates and expenditure of money, in regard to which no one would award a gold star for excellence of administration. We have only to recall what previous Liberal governments did with, for and to the railways of this country to know about the plethora of crown corporations and the liberalization of their operations. I think perhaps the governmental sector might benefit from the expertise which the common carriers have developed.

I am no apologist for big business. No one is more ill at ease with big business than a poor, impoverished professor like myself. But I do know that over the years the people in the telecommunications field have been able to provide better service at lower cost, whereas the Postmaster General (Mr. Kierans) is providing in his mail operations poorer service at higher cost. Therefore, perhaps a little relationship between him and the telecommunications people would not be all that bad for the people and government of Canada.

Telesat Canada Act

I remember attending a meeting of a committee a few days ago—I think this was before Trans-Canada wrote their love letter to the minister—when the minister said to me that I sounded more like Bell every day. I do not hold Bell stock. I would be very ill at ease in their boardroom. Indeed, I would not know how in the world to get into their boardroom. My only fond feeling for the Bell Telephone Company is that since the minister has taken office I have had much better telephone service than mail service.

I have no prejudice against the N.D.P. point of view. I have found that during my 12 years in this house I have more often been in accord with that point of view than with the point of view of the Liberal party. While the N.D.P. may be wrong, I think they are usually compassionately wrong, whereas the Liberals are inclined to be patently wrong.

Having watched the operations of government over a good many years I have grown a little fearful of the extension of governmental operation and administration. I look at the department that the Minister of Communications heads in his role as Postmaster General. I see the labour problems that seem to increase both in emotional content and geographically. I look at the retardation in the transmission of messages from one Canadian to another through the Post Office Department. I try to appraise the efficiency of operation of his department. All of this leads me to conclude that total governmental operation is not all that efficient and not terribly successful.

Therefore, I would be inclined to disagree with my hon. friend from Waterloo that turning over the whole of the Telesat operation to the Minister of Communications would enhance any expedition of messages either from 22,500 miles above us or on the terrestrial plane. I am a little fearful of too much penetration by the government in an area in which others have developed an outstanding degree of expertise.

I have read the minister's speeches. In fact I have had very little time for the classics since the minister came into office because he makes so many speeches, and I read each one of them. But I am just wondering whether he has some burning desire to get into the telephone business. I am just wondering how widely he interprets his communications mandate. I am just wondering, if he has his way, and if in a few years I endeavour to make a phone call on a Saturday or a Sunday, whether I would discover that it would not go

[Mr. Macquarrie.]

through until the following Monday. If that were the case I wonder how my hon. friend for Waterloo would feel, having suggested to the Canadian people in the parliament of Canada that we want more of the Minister of Communications and less of those who have proven their expertise in the field of telecommunications. I wonder too, if the minister really has some deep-seated, psychological yearning to hold the chart when sky writing is in vogue. I wonder what in the name of heaven, not heavens, will be the message to be inscribed in the sky. I am not prepared, despite my great appreciation for what the hon. member for Selkirk has done in this field and the contribution he made in the committee, to say nothing of what the hon. member for Waterloo (Mr. Saltsman) has done in the same milieu in following the hon. member for Selkirk, to go along with the suggestion that we should have more in the sector of communications of that which has seemed to produce so many roadblocks as the people of Canada have tried to transmit written messages one to another. So, I cannot support this amendment.

• (9:50 p.m.)

I do not want to be unkind or critical. That is the last faculty I am prepared to develop, because it has atrophied through disuse. But when I reflect with all kindness on what has happened to the mail I hate to trust my telegrams or telephone calls to the Minister of Communications. I say that because when I pick up the telephone and give the operator a zone number, she knows what that means. If I write to someone in Toronto or Vancouver and give a zone number, the post office does not know what it means. And I have the word of members of the Post Office Department to that effect.

The three digit zone numbers in Toronto were to remain in effect, not in perpetuity, but for thirty years. And thirty years is a whole generation. Now, we find that these are most ephemeral. I would hate to pick up my telephone when we have satellite communication and trust its digital purity to the Minister of Communications. I would wonder if the number dialed would prove to be the correct one. We have hazard and confusion in the mail and I should hate to uplift and translate that confusion to the stratosphere, thereby confusing the people of Canada to the same degree which has been achieved with the mails.

I have great regard for the views expressed by my colleague from the N.D.P. The great problem the N.D.P. has to face in this instance is this. While the concept of having the government own and operate any of our facilities is pleasant, the realities of administration are such that there must emerge some person or minister who is in charge. Having noted what has happened to the transmission of written ideas I would be less than joyous to turn over the whole field of satellite communication to the minister and agency obviously indicated, namely, the Minister of Communications and his department. I admire the minister's speeches and appreciate his wit. I am fully cognizant of his accomplishments. But when considering him as a Minister of Communications I shudder; I hesitate, I wonder and I reflect. I will end by voting against the amendment brought forward by my good friend for Waterloo (Mr. Saltsman).

Mr. Barnett: Will the hon. member permit a question. Does the hon. member not feel that the Minister of Communications, whom he has been eulogizing so eloquently, would be more apt to poke his finger into the pie under the provisions of clauses 8 and 9 of the bill than under the provisions of this clause, as it now stands?

Mr. Macquarrie: May I be permitted to answer, Mr. Speaker. I think that the differences with regard to the prospects and possibilities of the ministerial finger poking would be similar to the difference between the figures 100 and 98.

Mr. Benjamin: Will the hon. gentleman permit another question, Mr. Speaker? I appreciate his concern about having the Minister of Communications participate in administration. Does the hon. member not agree that if a project such as we are considering here were set up, it would need a separate general manager and board of directors. The project would, therefore, not be managed directly by the minister. It might have some chance of being successful.

Mr. Macquarrie: Mr. Speaker, if that happy abridgement could be achieved, and if the umbilical cord could be cut and dissolved, I should reflect with greater sympathy on my hon. friend's suggestion.

Mr. John Burton (Regina East): Mr. Speaker, I listened with a great deal of interest to the remarks of the hon. member for Hillsborough (Mr. Macquarrie). I appreciate his remarks with respect to the compassion of the New Democratic Party. I appreciate the fact that he considers, quite sincerely, that our heart is in the right place. Actually, I found it rather sad when listening to my hon. friend to hear him suggest that he would not be able to support this amendment. The fact is that the Conservative party has some record in pioneering in communications, particularly in the establishment of the Canadian Broadcasting Corporation. The corporation was established in 1935 by a Conservative government. It is true that there was a lot of pressure from people of various political outlooks. I think it must be said, nevertheless, that our broadcasting corporation was founded by the Conservative government. It was established by that Conservative government to provide a better national broadcasting service to the people of Canada.

The Acting Speaker (Mr. Béchard): Order, it being ten o'clock it is my duty to put the questions on the adjournment motion.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under Standing Order 40 deemed to have been moved.

CANADA PENSION PLAN—EXEMPTION OF OLD ORDER MENNONITES

Mr. Max Saltsman (Waterloo): Mr. Speaker, on April 28 I directed a question to the Minister of National Health and Welfare (Mr. Munro). I asked the minister whether he had discussed with representatives of the provinces the possibility of obtaining an exemption for the Old Order of Mennonites from the provisions of the Canada Pension Plan and, if so, what had been the result of those discussions. I wonder whether a representative of the Minister of National Health and Welfare is in the house. I do not see one at the moment. Is someone here prepared to answer on behalf of the Minister of National Health and Welfare?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, there does not appear to be anyone. There may have been some slip-up. We are inquiring to see if someone is to come here. If no one is to come I, as a colleague of the Minister of National Health and Welfare, will be delighted and honoured to convey the hon. member's remarks to the minister.

Proceedings on Adjournment Motion

Mr. Saltsman: On a point of order, Mr. Speaker. It may be an honour for the Minister of Corporate and Consumer Affairs (Mr. Basford) to convey my remarks to the Minister of National Health and Welfare, but I am not here to honour him, nor to bestow honours on myself. I am here to obtain an answer to an important question. Neither the minister nor his delegate is here and to give some answer and I submit, this, constitutes a breach of privilege. There is no sense in my simply putting my remarks on the record. I ask your advice, sir. What should I do in the circumstances?

The Acting Speaker (Mr. Béchard): If it is agreeable perhaps we might proceed with question no. 3.

Some hon. Members: Agreed.

CONSUMER AFFAIRS—SUGGESTION BY LOBLAW PRESIDENT TO BOYCOTT BEEF PURCHASES

Mr. James A. McGrath (St. John's East): Mr. Speaker, great interest has been aroused in the house over the matter I am about to raise. Today, I directed a question to the Minister of Consumer and Corporate Affairs (Mr. Basford). The Speaker did not see fit to allow the minister to answer my question at that time. In my view it was a very serious question. It was in connection with a Canadian press dispatch which appears in today's press. This article quotes the President of Loblaw Groceterias Company Limited as calling for a consumer boycott of steaks and roasts to force down prices which have increased up to 40 per cent in the last four weeks. This is a very serious matter, affecting the consumers of this country who are already concerned about the rising cost of living. It is equally serious to have the president of a large retail grocery chain invite the consumers to boycott products which he is selling in his store.

• (10:00 p.m.)

The purpose of my question is to solicit from the minister his reaction and the reaction of his department to this statement and the factors leading up to it. There are a number of things which contribute to the cost of any product. I understand the price of beef to the consumer has risen in the last six weeks by approximately 25 per cent. I understand it rose from an average of 29 cents a hundredweight for beef on the hoof to 38 cents a hundredweight. A contributing factor to this rise has been an undue demand in the overall beef market in North America. It raises a very serious question. All hon. members are concerned with the rising cost of living and the continuing increase in the consumer price index in Canada. For example, the consumer price index for Canada advanced by 1.1 per cent in April over what it was in March. It continues to rise, notwithstanding the moves that have been made by the new Department of Consumer and Corporate Affairs.

On May 20th, the Minister announced the appointment of the Prices and Incomes Commission. Prior to that, the Consumers' Advisory Council was set up. A white paper was presented to the house last year on the policies for price stability. The minister in a speech to the Canadian Manufacturers' Association, stated, and I quote:

> After 18 months in business, we now have the organizational strength and determination to make the contribution which the Economic Council spoke of—to make our impact on the Canadian economy.

In the same speech the minister stated:

> By establishing the department in December, 1967, and greatly strengthening it in July, 1968, the government endeavoured to overcome this lack of coordination and to give a common thrust —a common purpose—a common enthusiasm to different agencies that had often been the unloved orphans of other departments.

I would like to hear the minister enunciate this handsome dividend. What, in fact, does this mean to the consumer who is concerned about the way he is being robbed by inflation and about the rising cost of living right across this country? We hope the minister will be able to tell us tonight why the president of a large retail grocery chain would find it proper to make this statement, a most unusual statement for a man in his position, calling upon the consumers of Canada to boycott certain cuts of Canadian beef because of what he claims to be a 40 per cent increase in the last four weeks. Mr. Speaker, this is a serious matter. We would like to know, for example, what the Consumers Advisory Council has to say about this and we would like to know what the minister has to say about it. Perhaps now might be an appropriate time for the minister to say what he has to say.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): In the three minutes which are allotted to me to reply to the hon. member's question, I cannot deal with all the points he has raised. I appreciate his having raised this matter. I agree with him and I applaud Mr. Weinstein's suggestion that consumers should boycott steaks and roasts to

force down prices. It seems to me this statement is completely in accord with the findings of the Special Joint Committee of the Senate and House of Commons on Consumer Credit and Prices of which I had the honour to be co-chairman. In its report the committee stated:

> There are quite acceptable substitutes for many types of food and consumers can affect the prices of any particular items simply by not buying them, if they think the price is excessive.

I should like to emphasize that this is the very essence of a free competitive market economy of which businessmen speak so glowingly. If things are too high in price, consumers should seek substitutes or alternatives. I note with interest a report in today's *Globe and Mail* to the effect that there has been a reduction in meat prices in Toronto. This is attributed to consumer resistance. I think this is a very healthy market situation. But let me repeat that consumer resistance can best be effective in a freely competitive market. This is not the case at present in the Vancouver area of British Columbia. There are approximately 100 chain stores closed in the Vancouver area as a result of labour-management conflict. There, the consumer market has clearly been disrupted and there have been suggestions by some that appreciable price increases have taken place as a result.

I should like this evening to make a public appeal to the merchants whose stores are still open in the Vancouver area. I am appealing to them to exercise restraint. To be blunt, I am appealing to them to resist taking advantage of this temporary market situation which prevails. I have instructed my regional office in Vancouver to make daily reports to my office. Some 55 inspectors located in British Columbia will be carrying on regular inspections of those stores that are still open in the Vancouver area. As I say, I shall be receiving daily reports of what is happening in this prices situation as long as the labour situation persists. If any gouging should appear as a result of these reports from my inspectors, I give notice now that I shall not hesitate for one minute to name those people who my inspectors find are gouging the consumers in the Vancouver situation.

Let me add that any temporary interruption of market supplies in any part of Canada can cause similar problems. My colleague the Minister of Transport (Mr. Jamieson), and also the hon. member, have alerted me to a situation resulting from transportation difficulties in Labrador. Let me say again that my field staff will be examining carefully any abnormal situations which develop and we will be taking whatever action is necessary under whatever powers we have.

• (10:10 p.m.)

[*Translation*]

CANADIAN CONFEDERATION—MANITOBA—ERECTION OF A MONUMENT COMMEMORATING LOUIS RIEL

Mr. Bernard Dumont (Frontenac): Mr. Speaker, on May 7 last, I asked the Secretary of State (Mr. Pelletier) whether he could help Manitoba by granting financial help towards erecting a monument to the memory of Louis Riel.

The hon. member for Brandon-Souris (Mr. Dinsdale) asked, as a supplementary question, whether the Prime Minister (Mr. Trudeau) and perhaps all hon. members had planned their participation to this important event in the province of Manitoba.

Mr. Speaker, we are now studying the official languages bill. The premiers of Quebec and Ontario have signed cultural agreements. The Secretary of State, for his part, travels across the land and shows interest in all French minorities. To my mind, those are historical facts that create ties between our historical past and the future of our country.

Now, another event is of great current interest. In a year from now, that is on July 15, 1970, we shall celebrate the centennial of Manitoba within confederation.

Manitoba was the first new province in Canada, after 1867. Its constitution respects integral bilingualism, glossing over certain deplorable incidents that occurred in 1890 and 1916. We take pleasure in recalling that the Manitoba constitution, which is so respectful of bilingualism, was the result of very important events. Those events were not understood by the majority when they occurred, and they were often badly interpreted later on.

For a long time, the Métis addressed their complaints to the federal government. But Ottawa was far away. The files shuttled back and forth between Winnipeg and the federal capital, which returned them for an administrative technicality without solution. The least difficulty as to any piece of land gave rise to endless correspondence. That distance, those delays favoured at that time the policies of Sir John A. Macdonald, the great procrastinator. But the Metis were getting impatient. They visualized authority in a more simple way.

Besides, that man for whom we are asking for a monument today, heard one day the following advice from his father: Our people will need a leader some day, an educated man, able to speak to people of your age who now sow in our world the seeds of disorder and sometimes without showing any sympathy for those who suffer hardships.

For years he had prepared himself to become the leader of his fellow-citizens. He now had the required education. Perhaps the day to use it had come.

In 1870, Edward Blake, leader of the Liberal party in that province, had opened his election campaign by setting a $5,000 price on Louis Riel's head. Accusing at that time the Conservative government in Ottawa of having let go unpunished those who were involved in the "deliberate murder of an Ontario citizen", he grossly exploited the popular feeling. Although the question had nothing to do with provincial affairs, it was very useful to the Liberals. They came to power with a great majority and the price of blood offered by Blake went into the provincial legislation not long after that. The news was published outside, arousing great interest, and joy in some cases.

At about the same time, Sir John A. Macdonald's government had to resign on account of what is know in history as the "Pacific scandal".

Today, Mr. Speaker there is unfolding in this land of ours an era that could unite both the French and English-speaking people. The whole thing could put these events in their true perspective. I will recall three names that will contribute to enlighten us on these facts. They are Messrs. Morton, Stanley and Osler. The latter is a member of parliament.

At the centre of those events, there is the outstanding figure of Louis Riel who was responsible for them and who is the Father of Manitoba. Why call him the Father of Manitoba? Because he fought for the rights of the French and the English people. In our time, as a token of respect for the Father of Manitoba, a monument has been erected to his memory in Regina, Saskatchewan, on the very grounds of the Legislative Assembly.

On the eve of such an important centennial and for the glory of a greater Canada, will there be any Canadian participation in the celebrations now being organized by his beloved daughter in the province of Manitoba? This participation would please the first Canadians, the Indians and their blood brothers, the Metis, and it would commemorate the first Canadian voyageur, La Verendrye, who travelled to Western Canada, as well as all those young Canadians who would find in Louis Riel a true Canadian hero.

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): Mr. Speaker, on behalf of my colleague, the Secretary of State, I am honoured to reply to the hon. member.

On answering this question directly, the Secretary of State did not see fit to consider the possibility of a grant for the erection of a monument commemorating Louis Riel on the grounds of the Legislative Assembly of Manitoba.

[*English*]

CANADA PENSION PLAN—EXEMPTION OF OLD ORDER MENNONITES

The Acting Speaker (Mr. Béchard): Order, please. As the minister is now in the house we will revert to question No. 1.

Mr. Max Saltsman (Waterloo): Mr. Speaker, I received a message explaining the minister's absence, and I understand it was an unavoidable absence. On April 28, I directed a question to the Minister of National Health and Welfare (Mr. Munro) asking whether he had discussed with representatives of the provinces the possibility of obtaining an exemption for the Old Order of Mennonites from the provisions of the Canada Pension Plan, and if so, what had been the result of those discussions. My interest in this matter arises from the private members' bill I have on the order paper and from some of the statements the minister himself has made indicating that he is prepared to view sympathetically the request of the Old Order of Mennonites.

I should like to say a word or two about the Old Order of Mennonites. They represent a relatively small number of people in Canada. They are somewhat different from most Mennonites. They are largely an agricultural people and are located in Waterloo county. The question of exemption, and in my opinion justice, for the Old Order of Mennonites goes beyond their own personal circumstances. Underlying the whole matter is the question of freedom in our society and the right to dissent whether it be dissent of the left or dissent of the right. It is a question of the right of people to be different and to have their differences recognized, especially in cases where those differences do not interfere with the rights and opportunities of other

people. The Mennonite people have a very special outlook.

There being a power failure in the chamber:

Mr. Munro: You see what happens, Max?

Mr. Saltsman: That is what happens when one talks about religion, Mr. Speaker. I hope I receive a very satisfactory answer from the minister tonight in view of the difficulties we are encountering with this adjournment debate. The Old Order of Mennonites religion specifically binds them to help one another. Participation in an insurance program would constitute a violation of their belief. They are different from other people in this respect; they repudiate all forms of insurance whether they be private or public. I know that some people would like to get out of the Canada Pension Plan because they can make more suitable insurance arrangements privately. But this is not the case with the Old Order of Mennonites. As far as their history goes back they have refused to participate in insurance programs because they share their obligations. Their feeling is that if they participate in an insurance program it would in some way infringe upon that aspect of their religion.

As an indication that they are not trying to save money, they have stated they are prepared to give up the benefits of the Canada Pension Plan and to pay into a separate fund the payments they would make in respect of the Canada Pension Plan. On the surface this seems to be a very logical approach to the whole subject. It is not for me to judge whether they—

The Acting Speaker (Mr. Béchard): Order, please. The Minister of National Health and Welfare.

Hon. John C. Munro (Minister of National Health and Welfare): Thank you for your indulgence, Mr. Speaker. I apologize to the hon. member for Waterloo (Mr. Saltsman) for my late arrival to answer this question. We are very aware of the problem raised by the hon. member with regard to the Mennonites. The hon. member for Kitchener (Mr. Hymmen) has on several occasions also raised the problem with the government.

The question of exemption from Canada Pension Plan payments by old order Amish and Mennonite communities raises, as I am sure the hon. member is aware, many unique problems with respect to precedent, universality, portability and the handling of survivor benefits for former members of these orders. If they were exempted, it would create a good deal of difficulty in terms of their reentry into the Canada Pension Plan. In spite of these problems, and as a result of representations that I and others have received, it has been decided, in co-operation with my colleague the Minister of National Revenue (Mr. Côté), that we bring before the government a case for exemption. We will ask that the government make a decision in this respect. If there should be an initial, favourable decision in this case that an exemption is warranted—and I am sure the hon. member is aware of the dangers in making exemptions to the Canada Pension Plan—it will be necessary before any final decision is made to obtain a similar reaction, namely in favour of exemption, from the provinces who are, in a loose sense, partners with us in the Canada Pension Plan.

• (10:20 p.m.)

I do realize that there may be exceptional circumstances so far as the Mennonites are concerned and that if we do rule in their favour it would not necessarily set a precedent which would start a whole raft of applications for exemptions. We could not very well rule in favour of such exemptions without prejudicing the whole concept of the plan itself. So, with those few remarks, I should like the hon. member to know that we are seriously considering this matter and, subject to the case being reviewed favourably by the government and partciularly by the Minister of National Revenue (Mr. Côté), we would be prepared to take it up with the provinces.

Motion agreed to and the house adjourned at 10.25 p.m.

HOUSE OF COMMONS

Friday, June 6, 1969

The house met at 11 a.m.

ROUTINE PROCEEDINGS

[*Translation*]

HEALTH, WELFARE AND SOCIAL AFFAIRS

Tenth and eleventh reports of Standing Committee on Health, Welfare and Social Affairs—Mr. Isabelle (Hull).

[*Editor's Note: The text of the foregoing reports appears in today's Votes and Proceedings.*]

[*English*]

ORAL QUESTION PERIOD

INDIAN AFFAIRS

FAILURE OF MINISTER TO ATTEND TREATY RIGHTS MEETING

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, this is a day for the Minister of Indian Affairs and Northern Development. I wonder who is the acting minister in the absence of the minister. I see the Prime Minister indicates that it is the Minister without Portfolio.

I would like to ask the acting minister why the minister did not meet with the National Indian Committee on Indian Rights and Treaties which is now in Ottawa. I ask this question particularly in light of the firm undertaking the minister gave in the house, in response to a question from myself, on May 13, that he would meet with the committee either in late May or early June.

Why has the minister not met with the committee which is now in the city?

Hon. Robert K. Andras (Minister without Portfolio): I will have to draw this to the attention of the minister, who will give his reply on Tuesday.

Mr. Stanfield: I have a supplementary question. Will the Acting Minister also bring to the attention of the minister my request for an undertaking from him that he will meet with the committee before he makes his major statement concerning the Indian Act, in order to ensure that that statement in fact reflects the views and the priorities of the Indian people?

Mr. Andras: The representation is noted, Mr. Speaker.

FINANCE

REQUEST FOR STEPS TO PREVENT FURTHER INCREASE IN PRIME INTEREST RATE

Mr. David Lewis (York South): Mr. Speaker, I should like to address a question to the Minister of Finance. In view of the announcement by the Toronto-Dominion Bank of its intention to increase the prime rate of interest again, despite a 25 per cent increase in its profit and in view of the minister's concern about inflation in this country, will the minister inform the house whether he intends to take steps, or to ask the governor of the Bank of Canada to take steps, to prevent this further increase in the prime interest rate?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I will discuss the matter with the governor.

Mr. Lewis: I have a supplementary question, Mr. Speaker. May I ask the minister whether he would consider, indeed, whether he intends, to call a meeting of the heads of the chartered banks in Canada and persuade them to call a halt to this constant increase in the interest rates, which affects the cost of living in this country.

Mr. Benson: Mr. Speaker, I expect to be meeting the heads of the chartered banks later this month at which time this matter as well as others will probably be discussed. The high interest rate is of course one of the indications of the tightening of the monetary policy by the banks, which is in effect useful toward controlling inflation.

Mr. Lewis: I have a further supplementary question, Mr. Speaker. I understood the Minister of Finance to say that it is his intention to allow this continued increase of the interest rates as a measure to control in-

flation. Is that what he intends to discuss with the heads of the banks?

Mr. Benson: After I have had my discussions with the heads of the banks I will be pleased to tell my hon. friend what I discussed.

Mr. R. Gordon L. Fairweather (Fundy-Royal): I have a supplementary question for the Minister of Finance, Mr. Speaker. When the minister sees the heads of the chartered banks in the near future, will he impress upon them the need to copy the government's flexible system of dealing with inflation? Will he also remind him that tight money works a hardship in the least developed parts of Canada?

Mr. Speaker: Order, please. The hon. member's question is in the nature of a submission.

CONSUMER AFFAIRS

EFFECT OF PRICES AND INCOMES COMMISSION ON PRICE INDEX

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a related question for the Minister of Finance. In view of the announcement made today by the Dominion Bureau of Statistics indicating that for 18 months in a row the consumer price index has increased, will the minister say whether the government will consider the possibility of a prices and income policy through the economy?

Hon. E. J. Benson (Minister of Finance): I should like to point out that the increase in the cost of living this month was encouraging in that it was only .2 per cent as compared with 1.1 per cent in the previous month. This is not good enough in the long run, and of course I should like to see decreases in the cost of living but, unfortunately, they have not been achieved to this point.

Mr. McGrath: Is it the position of the government that the taxation policy together with the educational work of the Prices and Incomes Commission will reduce inflation to the level considered safe by the Economic Council of Canada, a level which has been exceeded in each of the past three years.

Mr. Speaker: Order, please. I wonder whether the hon. member is not asking the minister to give a general statement of policy, and whether the question as phrased is in order.

Mr. R. N. Thompson (Red Deer): I have a supplementary question, Mr. Speaker. In view of the fact that the consumer price index increased by 2.1 per cent in the first five months of this year, is the minister considering the fact that on this basis we will be having an increase in the index of more than 4 per cent as a result of his policy?

Mr. Benson: I hope this will not be the case. The policy which the government is carrying out through control of its own expenditures, the surplus, the reduction in tariffs, the deferral of depreciation and the monetary policy will all have an effect upon the control of inflation. I trust the Canadian people and all people will start to realize that we cannot take increased incomes out of the economy without greater productivity, or else prices will rise.

Mrs. Grace MacInnis (Vancouver-Kingsway): I have a question for the Minister of Finance. Pending a downward trend in the cost of living, is it his intention to review measures whereby incomes can be increased through income tax deductions or, in concert with the Minister of National Health and Welfare, through pension increases?

Mr. Benson: Mr. Speaker, this is a very broad question. Of course we continuously review possibilities and actions which the government might take.

Mr. Speaker: Order, please. It seems to me that the question asked by the hon. member for Vancouver-Kingsway is the same type of question as the one asked by the hon. member for St. John's East, and it seems to me that they border on debate. May I remind hon. members that this is the debate we will initiate on Monday.

Mr. McGrath: I have a further supplementary question, Mr. Speaker. In view of the continuing rise in the cost of living index and the failure of the government to cope with it effectively, will the minister not consider resigning?

Mr. Benson: No, Mr. Speaker.

Mr. Speaker: Order, please.

NATIONAL DEFENCE

NATO—INQUIRY AS TO CANADIAN CONTRIBUTION OF CONVENTIONAL FORCE

Hon. J. A. MacLean (Malpeque): I have a question for the Minister of National Defence, Mr. Speaker. Before I ask it, perhaps I might have the indulgence of the house while I point out that this is the 25th anniversary of the beginning of the physical liberation of western Europe. I think it is fitting we should recall the great sacrifices which have been made so that we can continue to enjoy the democratic system of government to which we all subscribe.

Some hon. Members: Hear, hear.

Mr. MacLean: Arising from the statements made by the Prime Minister yesterday, in which the right hon. gentleman rejected the position of the United States Secretary of Defence and the British Minister of Defence on the grounds that Canada's reduction of its NATO force applies to its nuclear commitment, may I ask whether this implies that no reduction is planned in our so-called conventional contribution to NATO?

Hon. Léo Cadieux (Minister of National Defence): First, I should like to join with the hon. member in paying homage to fallen Canadians on D-Day. I might also say that the Department of National Defence is represented by the Chief of Staff at the ceremony which is taking place in France.

As far as the question is concerned, I have indicated that in my view we are not reducing the conventional capability but we are restructuring the force. We think that in going along with the policy directives which were given by the ministers to the military committee we are complying with the general wish expressed by NATO to have more flexible forces. I do not think the question itself leads to any other interpretation.

Mr. MacLean: Is the house correct in assuming it is the position of the Government of Canada that a reduction in NATO's conventional forces would lower the nuclear threshold but that Canada's reduction applies only to our nuclear role?

Mr. Cadieux (Labelle): No, Mr. Speaker, I think the hon. member is anticipating, again. I do not think we have indicated what the air role will be. The possible reduction in nuclear capacity with the brigade is minimal. I would say. The loss of the Honest John is about the only thing concerned.

Inquiries of the Ministry

NATO—RESIGNATION OF CANADIAN SENATOR FROM COMMITTEE

Mr. Thomas M. Bell (Saint John-Lancaster): A supplementary question to the Prime Minister on this NATO business. Has the Prime Minister yet been able to find a replacement for Senator Lang who resigned from the NATO committee saying that the government's NATO position was petulant, amateurish, dangerous—

Mr. Speaker: Order.

HOUSE OF COMMONS

STAFF OVERTIME AND COMPENSATORY LEAVE PROVISIONS

Mr. Harold E. Winch (Vancouver East): Since I believe that by courtesy, and perhaps by rule, we should not direct questions to the Speaker of the house, may I direct a question to the President of the Treasury Board who is also, I understand, a member of the Internal Economy Commission? For up to three years, now, members of the staff of the Parliament of Canada have not been paid in respect of overtime, or been given time off in place of overtime, nor, because of the nature of their work, have they been given holiday time. May I ask whether any decision has been reached with regard to payment in respect of overtime and loss of holidays?

Mr. Speaker: Order. I suggest to the hon. member it might not be proper to depart from the well established custom. The hon. member knows that this kind of question can be directed to the Speaker in writing in the usual way, and I assure him that I will be pleased to look at the matter on his behalf.

[*Translation*]

CANADIAN CONFEDERATION

QUEBEC—SUGGESTION THAT FEDERAL GOVERNMENT HOLD REFERENDUM

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to put my question to the Prime Minister.

Since the Quebec premier has announced that a referendum would be held next October, would the Prime Minister consider the advisability for the federal government of holding at his own expense a referendum in

Quebec in order to learn the views of people on that thorny question which is separatism, since I consider that it is a national matter?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I realize that the proposal would raise some difficulties, but I am ready to discuss it with the hon. member, if his arguments are liable to convince me.

[*English*]

VETERANS AFFAIRS

SUGGESTED COMMEMORATION OF D-DAY INVASION

Mr. Colin D. Gibson (Hamilton-Wentworth): Mr. Speaker, I have a question for the Prime Minister. This being the 25th anniversary of D-Day, June 6, 1944, one of the greatest days in Canadian history, would the Prime Minister consider holding each year on Parliament Hill an appropriate ceremony commemorating this great event?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would be prepared to discuss this interesting suggestion with the Minister of Veterans Affairs.

Mr. Donald MacInnis (Cape Breton-East Richmond): A supplementary question. I would ask the Prime Minister why he did not recognize the remarks that were made by the defence critic on this side to his own Minister of National Defence a few meetings ago.

WOODS REPORT—REQUEST FOR PRESENTATION

Mr. John Burton (Regina East): Mr. Speaker, I have a question for the Prime Minister. Would he consider making the commemoration of D-Day more meaningful by tabling the white paper on the Woods report concerning veterans affairs before the summer recess?

WATER RESOURCES

POLLUTION CONTROL IN INTERPROVINCIAL WATERS—AIR POLLUTION

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Minister without Portfolio responsible for water resources. Resulting from the appointment in Ontario of a new Minister of Energy and Resources Management, and his energetic approach to the problem, and in view of his statement that he will press the federal government to take action on pollution control in interprovincial waters, is the minister reconsidering the government's position and will he shortly be making a statement on this particular problem?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, the government's position in regard to pollution matters will be further revealed when the water bill is given first reading. I welcome very much, of course, the positive statements about co-operation which were made by the new minister who was recently appointed in Ontario, because that certainly is the line of attack which seems to us to be essential in respect to this important problem in Canada.

Mr. Aiken: Mr. Speaker, I have a supplementary question which I will direct to the Prime Minister. Is the government considering following the lead of Ontario and placing responsibility for both water and air pollution under one department?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker.

Mr. Aiken: A further supplementary question which is based on the large number of speeches and the very commendable and extensive interest being taken in regard to water pollution by the Minister of Fisheries and Forestry. Will the Prime Minister soon consider making a statement in the house as to who will be the minister or ministers responsible for water pollution?

NATIONAL DEFENCE

INQUIRY AS TO REDUCTION IN HELICOPTER PROGRAM

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, might I direct a question to the Minister of National Defence. Can the minister inform the house whether or not the government has given any consideration to cutting back the d.d.h-280 program and, if not, will it be carried out in full.

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, we have not given consideration to cutting off this program. As a matter of fact, I should say that I think 75 per cent of the money provided for the program has already been spent.

RESEARCH

REQUEST FOR ANNOUNCEMENT OF SCIENCE POLICY

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the President of the Treasury Board. Since a number of government officials in recent days have been making statements, many of which conflict with one another, about science policy I wonder if the minister will promise to make a statement on motions before the end of the session on the general science policy of the government?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, when a suitable occasion presents itself I will be glad to do so. I may say now that I am encouraged, as I am sure the hon. gentleman is, in the interest being shown in science policy and the general debate going on.

Mr. Broadbent: A supplementary question, Mr. Speaker. Will the minister also inform the house whether the task force looking into the government's research development program has completed its work?

Mr. Drury: Mr. Speaker, I think the hon. member's question is related to a question on the order paper. A task force within the Department of Industry, Trade and Commerce is looking into the research programs of that department. I understand the work of the task force is not yet completed.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, may I direct a supplementary question to the President of the Treasury Board. In answering a question just now he said he would make a statement when a suitable opportunity presents itself. Is any change in science policy being considered? Will there be an announcement with respect to responsibility for science policy?

Mr. Drury: Mr. Speaker, we are reviewing our structures now in order that we may determine an adequate science policy. If changes are to be made they will be announced in due course.

PUBLIC SERVICE

APPOINTMENT OF MR. JOLLIFFE TO STAFF RELATIONS BOARD

Mr. Robert Muir (Cape Breton-East Richmond): Mr. Speaker, may I direct a question to the Prime Minister, and ask if the recent selection of E. B. Jolliffe as chief adjudicator of the Public Service Staff Relations Board was based, as has been suggested in the June 4 issue of the Union of Defence Employees Information Bulletin, on the C.C.F. and N.D.P. background Mr. Jolliffe shares with the Prime Minister?

Some hon. Members: Hear, hear.

Mr. Speaker: Order please. The hon. member for Winnipeg North Centre.

PARLIAMENT OF CANADA

DISCLOSURE OF POSSIBLE CONFLICT IN FINANCIAL INTERESTS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have a question for the Prime Minister. I shall try to word it in such a way that it will not sound charged, because the question relates to an important matter of public policy. Since it seems to be possible for one and the same person to be a director of 25 companies and also chairman of the Banking and Commerce Committee of the other place, is the government considering the introduction of legislation which would require members of the other place, as well as this place and certain other senior public officials, to disclose to the public their financial interests and outside income sources?

Some hon. Members: Hear, hear.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I appreciate the importance of the question and I appreciate the way it was worded. To make sure that there will be no conflicts of interest in the exercise of the functions of members of the House of Commons or of the other place, I said a few months ago, either when answering a question in the house or at a press conference, that the government has the whole question of conflicts of interest under study. During the course of the summer I think we will be able to arrive at some view as to what reforms might be made in the Senate and House of Commons Act and in other statutes to ensure that this problem is dealt with in a satisfactory manner. In the meantime if members of the other parties in the house have constructive suggestions to make, I will be interested to hear them.

Inquiries of the Ministry

FINANCE

POSITION OF GOVERNMENT ON INVESTMENT COMPANIES MEASURE

Mr. Stanley Knowles (Winnipeg North Centre): I have a supplementary question, Mr. Speaker. I thank the Prime Minister for his answer, and may I direct my supplementary to the Minister of Finance. In the meantime is the Minister of Finance prepared to make it clear that the government will stand firm by the terms of its investment companies bill, which is now before the other place?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, the Investment Companies bill was introduced into the other place intentionally so that members of the other place could conduct hearings in their committee. As a result of these certain changes to the legislation are proposed. These changes are being looked at very carefully and will not weaken the legislation one bit. It will remove some inconvenience and inconsistency in the legislation. Some of the proposed changes are very useful. Of course the government will have a look at the legislation as it is passed by the other place. If it is not in agreement with it, then of course we would refuse to accept the amendments. I should say I was consulted by the Superintendent of Insurance on some of the amendments. He seemed to think they were helpful.

THE BUDGET

TORONTO—INQUIRY AS TO POSSIBLE LEAK

Mr. Thomas M. Bell (Saint John-Lancaster): I have a question for the Minister of Finance on a somewhat similar subject. In view of the fact Toronto business firms received detailed comments on the budget early Wednesday morning from Clarkson Gordon & Company, I ask the minister if this is an example of a budget leak or a better mail service?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, with respect to distribution of the budget, we do not rely on the mail service.

Mr. Bell: I don't blame you.

An hon. Member: Neither do a lot of Canadians.

Mr. Benson: The offices of the Bank of Canada across Canada have sealed bundles delivered to them containing copies of the budget, which are available on budget night.

[Mr. Trudeau.]

Some accounting and legal firms pick them up that night and carry out an analysis. I can assure my hon. friend to the best of my knowledge there was no budget leak.

POST OFFICE DEPARTMENT

THEFT OF BONDS

Mr. Heath Macquarrie (Hillsborough): I should like to direct a question to the Solicitor General. Can the minister advise if a possé has been sent out after the four bandits who yesterday relieved the slow moving Post Office of $100,000 worth of bonds? Can he advise if they have been apprehended and the securities returned?

Hon. G. J. McIlraith (Solicitor General): No, Mr. Speaker.

Mr. James A. McGrath (St. John's East): A supplementary question, Mr. Speaker. Will the Solicitor General consider gathering a possé together and deputizing the hon. member for Hillsborough?

Mr. McIlraith: Yes, Mr. Speaker.

INCOME TAX

RETURN OF REFUNDS

Mr. A. D. Hales (Wellington): I should like to direct a question to the Minister of National Revenue. Can the minister advise the house if the income tax refunds, which are very important to many Canadians, are being returned on schedule or is there some delay or backlog?

Hon. Jean-Pierre Côté (Minister of National Revenue): There is no delay as far as we are concerned. I think it has been faster than in any previous year. If there is any special case the hon. member has in mind, I ask him to advise me, as it may be a case where there was a mistake on the return which could cause a delay.

REQUEST FOR TIME EXTENSION TO WESTERN FARMERS

Mr. John L. Skoberg (Moose Jaw): My question is for the Minister of National Revenue. In view of the serious cash situation facing the western agricultural economy, will the minister provide extra time for the payment of income tax demands for the agricultural producer and small businesses in rural areas?

Hon. Jean-Pierre Côté (Minister of National Revenue): Our department is always ready to look at individual cases. If the man would see the district director, I am sure arrangements could be made.

Mr. Skoberg: A supplementary question, Mr. Speaker. Because of this lack of any real cash on farms and no apparent immediate prospect of remedy, will the minister accept grain in lieu of cash for payment of such income tax?

Mr. Côté (Longueuil): Yes, Mr. Speaker, if the member is ready to shovel it.

WATER RESOURCES

PLACENTIA BAY, NFLD.—REQUEST FOR STATEMENT ON POLLUTION

Mrs. Grace MacInnis (Vancouver-Kingsway): In the absence of the Minister of Fisheries, I wish to ask the acting minister to draw to the minister's attention that on May 20, as reported in *Hansard* at page 8828, the minister stated he planned to make a full statement within ten days on the entire matter of pollution in Placentia Bay. I wish to find out when that statement will be available.

Mr. E. F. Whelan (Parliamentary Secretary to Minister of Fisheries): I ask the hon. member to be patient. Before the minister makes a statement, he is going to visit the area.

TRADE

KENNEDY ROUND—ACCELERATED TARIFF CONCESSIONS BY OTHER COUNTRIES—POTATO IMPORTS

Hon. J. A. MacLean (Malpeque): I wish to direct a question to the Minister of Finance, and ask him if there are any discussions going on between his department, or the government, and any of our main trading partners with a view to obtaining accelerated tariff concessions, corresponding with those announced in the budget, bearing in mind the dire need of Canadian agricultural producers of several types, especially potato producers, for gaining a more favourable entry into the United States market?

Hon. E. J. Benson (Minister of Finance): As I indicated in the budget speech, Mr. Speaker, the purpose of the reduction in tariffs was basically to reduce costs in Canada, so they were done without consultation with our trading partners. Of course we would be very pleased to see our trading partners move forward and speed up the Kennedy Round provisions, because I think this is for the good of the world generally, as well as all of Canada.

Mr. MacLean: In any case, would the minister take action to try to obtain more favourable entry into the United States market for Canadian potatoes, since we are a net importer of potatoes?

Mr. Benson: Mr. Speaker, we continually press for more favourable entry for some of our products into the United States and other markets, sometimes with success and sometimes without success. This is continuously in our minds and whenever there are discussions with counterparts in the United States and other countries, my officials press for freer entry of goods throughout the world. Indeed a lot of our—

Mr. Speaker: Order, please.

Hon. Robert L. Stanfield (Leader of the Opposition): A supplementary question, Mr. Speaker. Does the Minister of Finance agree that this unilateral reduction made by Canada offers Canada an opportunity to do some bargaining to seek reductions in tariffs? Does this not offer us a particular opportunity—

Mr. Speaker: I interrupted the minister a moment ago because I thought we were entering into a debate. I suggest to the hon. Leader of the Opposition this is what we would be doing further, if I were to allow the minister to respond to the supplementary.

STRAWBERRIES—MAINTENANCE OF IMPORT DUTIES

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, this question is directed to the Minister of Finance, and concerns the question of the maintenance of the strawberry tariff through 1969, first proposed to the Minister of National Revenue and later to the Minister of Agriculture. I wonder if the Minister of Finance has any information on this today?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, the hon. member brought the matter to my attention privately a day or so ago. I made inquiries and I expect a report today. I will chase it up, as I do not know what it contains.

Inquiries of the Ministry

[*Translation*]

THE CANADIAN ECONOMY

ALLEGED EFFECT OF BUDGETARY PROVISIONS ON WESTERN CANADA

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I would like to put a question to the Minister of Finance.

Since he delivered his budget speech, has the minister received protests from Alberta and British Columbia about the restrictions imposed upon them to make them poorer and, perhaps, to leave the other provinces of Canada in their present state of poverty?

[*English*]

Mr. Speaker: Order, please.

Hon. E. J. Benson (Minister of Finance): No, Mr. Speaker.

WATER RESOURCES

POLLUTION CONTROL IN INTERPROVINCIAL WATERS—AIR POLLUTION

Mr. G. H. Aiken (Parry Sound-Muskoka): My question is directed to the Prime Minister, and it may sound similar to a question I asked previously. My question concerns the question of federal responsibility for pollution matters. It arises from the fact the responsibility seems to be fragmenting now, rather than becoming effective. I ask the Prime Minister to lend his mind to this subject and make a statement shortly. The Water Conservation Act is not the answer to the over-all problem.

Mr. Speaker: I have to agree with the hon. member. His question sounds very much like the one he asked earlier today.

Mr. Aiken: I did not get an answer to the previous question. I think the Prime Minister is ready to answer this one.

PLACENTIA BAY, NFLD.—COMPENSATION TO FISHERMEN FOR LOSS THROUGH POLLUTION

Mr. James A. McGrath (St. John's East): Mr. Speaker, in the absence of the Minister of Fisheries and Forestry, and the Acting Minister of Fisheries and Forestry, and the Minister of Transport, who has a great deal of interest in this matter, I would like to direct my question to the energetic and ambitious Parliamentary Secretary to the Minister of Fisheries and Forestry. Is he prepared to tell the house what the Minister of Transport meant when he said at St. John's the other day that the government would be coming up with a revised plan of compensation for the fishermen of Placentia Bay—

Mr. Speaker: Order. The hon. member's question is not in order. He cannot ask the Parliamentary Secretary to give an interpretation of the statement made by the minister.

Mr. McGrath: Then, Mr. Speaker, would you permit me to rephrase my question and ask the parliamentary assistant what is the revised plan of assistance that the government has devised for the fishermen of Placentia Bay?

Mr. E. F. Whelan (Parliamentary Secretary to Minister of Fisheries and Forestry): Mr. Speaker, I do not know what the hon. member has in mind at all times, but I can tell him that we have set up an appeal board with three trustworthy and honest fishermen on it, together with two trustworthy and honest civil servants, to listen to the appeals of fishermen in cases where they do not feel they are being properly compensated. I think this is the answer.

[*Translation*]

FISHERIES

ST. MARY'S BAY, N.S.—DISPUTE BETWEEN SEINERS AND WEIR FISHERMEN

Mr. Louis-Roland Comeau (South Western Nova): Mr. Speaker, I would like to ask a question of the Prime Minister.

Mr. Speaker, I apologize for this preamble, but it is necessary.

[*English*]

In view of the fact boards of trade, members of this house and the other place, Liberal organizations and many individuals have requested the closing of St. Mary's Bay in Nova Scotia, will the Prime Minister check with his regional desk to see that something is done to protect the rights of the fishermen in this bay?

[*Later:*]

Mr. Louis-Roland Comeau (South Western Nova): Mr. Speaker, I wish to direct a question to the Parliamentary Secretary to the Minister of Fisheries and Forestry who seems to have all the answers. Can he say whether any action is being planned to close off St. Mary's Bay, Nova Scotia, to protect the fishermen in those waters?

Mr. E. F. Whelan (Parliamentary Secretary to Minister of Fisheries and Forestry): Mr. Speaker, it is under concentrated consideration.

TRADE

WHEAT—REQUEST FOR STATEMENT ON MARKETING—SALE TO RUSSIA

Mr. John Burton (Regina East): Mr. Speaker, in the absence of the Minister of Industry, Trade and Commerce I wish to direct a question to the Minister without Portfolio (Mr. Lang). Can he indicate whether the government will shortly be making a statement on the general grain marketing situation, and can he indicate whether there is any prospect of restoring the minimum price levels, in the spirit of the International Grains Arrangement?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, the Minister of Industry, Trade and Commerce has reported regularly to the house on developments in both regards, and I am sure he is prepared to continue to answer specific questions on the subject.

Mr. Burton: Can the minister say whether any progress has been made in concluding a sale of wheat to Russia this year?

Mr. Lang: Mr. Speaker, at this time there is nothing to report in that regard.

INQUIRY OF THE MINISTRY

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Prime Minister. In view of the fact that the annual meeting of political scientists and economists being held at York University, Toronto, is about to conclude within the next two days, would the Prime Minister rush through a paper for presentation, entitled "Why I Abandoned Truth, Beauty and Goodness, and Joined the Liberal Party"?

Mr. Speaker: Order, please. The question period has expired.

• (11:50 a.m.)

GOVERNMENT ORDERS

TELESAT CANADA ACT

MEASURE ESTABLISHING CORPORATION FOR TELECOMMUNICATION BY SATELLITE—REPORT STAGE

The house resumed, from Thursday, June 5, consideration of Bill C-184, to establish a Canadian corporation for telecommunication by satellite, as reported (with amendments) from the Standing Committee on Broadcasting, Films and Assistance to the Arts, and the motion of Mr. Saltsman (p. 9806).

Mr. John Burton (Regina East): Mr. Speaker, just prior to the adjournment last night I had made a few remarks with respect to the very interesting comments of the hon. member for Hillsborough (Mr. Macquarrie) on this bill, particularly his very sympathetic attitude toward the outlook and ideas of the New Democratic party. I pointed out to him that I was rather saddened that he was not prepared to go along with the amendment moved by my colleague, the hon. member for Waterloo (Mr. Saltsman), which would have the effect of changing the proposed telecommunications satellite corporation into a crown corporation. I pointed out to the hon. member that the Conservative party has a tradition to live up to in dealing with public policy affecting communications and the development of communications facilities because, as I noted, it was the Conservative party in 1935 which, as a result of pressure from a great many quarters in Canada, introduced legislation providing for the establishment of the Canadian Broadcasting Corporation. That corporation was established as a public agency to provide a public service to all the people of Canada. It seems to me it would be fitting if this tradition and precedent were followed by that party in the present case and we had its support in dealing with the proposal before us.

For a moment, Mr. Speaker, I was almost tempted by one argument presented by the hon. member for Hillsborough. He was very much concerned about the prospect of having the new corporation, if it were a crown corporation, come under the jurisdiction of the Minister of Communications (Mr. Kierans) in view of his record over the last few months with respect to another government operation involving communications, namely, the Post Office Department. For a second I was almost tempted by his argument in that respect. However, I must point out to the hon. member that when one considers the matter in more objective terms one has to take account of the fact that in considering the total picture in a situation such as this we have to deal with two related aspects. One has to consider the principle involved in establishing public policy, and one has also to consider the problems of operations and management. Good decisions with respect to both are essential if we are to have an operation which meets the objectives of public policy.

The fact is that if one has not established the basic principles on a sound basis then, of course, the best operations and management in the world will not be successful. But if one

does establish an operation on sound principles then the problems of operations and management can be dealt with in due course, and there are a variety of ways for dealing with them.

In considering this matter we have to take account of the fact that we are dealing with new technological developments, and we have to consider public policy in that respect. Throughout Canadian history there have been a number of occasions when new technological developments have had a profound influence on the economic, social and political development of the country. One of the earliest examples of this type after 1867 was the development of railways across Canada. The Canadian Pacific Railway Company, a private operation, played a key role. Most hon. members are familiar, of course with the sordid picture that developed as a result of government decisions of that day to entrust this development to private concerns, to allow those concerns to rob the treasury and to take advantage of all sorts of public concessions, and with the weakness of the government of that time. All this resulted in penalties and liabilities for which we are still paying in Canada. This is an example of the type of thing that must be avoided in taking advantage of new technological developments and in developing public policy with respect to them.

There are other examples of new technological development where a sounder approach was taken. Here I refer to one to which I have already made brief reference, the establishment of the Canadian Broadcasting Corporation which in my view was established on the basis of very sound principles. Of course all members of the house and the public generally have individual points of criticism with respect to the operations of the C.B.C. Some of our views differ in that respect but I think we can generally agree, and I think it is generally felt throughout the country, that the C.B.C. is ours. It belongs to the people of Canada. Whatever else may be said for it, it does operate in the public interest. This is the principle upon which it provides service to the people of Canada. I wish it had been possible for the government to take the same approach in dealing with this bill. By doing so it would have maintained a good precedent that would stand us in good stead in the years ahead.

When we consider this matter it seems to me we have to take account of the implications and the consequences of development now taking place. The fact is that communications are one of the newest and more important aspects of Canadian society. They are an important aspect of new developments in our society today. Communications play a key social and political role within the country as a whole. Thus it is very important that we carfully consider public policy in this regard.

It is for that reason I feel the public interest can be best safeguarded if this new company is established as a crown operation or crown corporation. It can in this way conduct its affairs in the best interests of the nation. It seems to me there is a conflict of interest between the government, private carriers and private investors. The fact is that government goals and objectives differ from those of private investors.

Government goals and objectives are basically social and political. They are related to the provision of communications to rural areas and to the northern territories where there is a very real problem. The fact is, as has been stated by some people, that it is only through this new technological development that adequate communications will ever be provided to all regions of Canada with its widespread territories and thinly settled areas. It will also provide more adequate distribution of French and English language programs.

On the other hand, the objectives and the goals of private investors and private carriers are not so much concerned with public service. They do provide a public service in the course of carrying out their work, but the fact is that their basic and primary motivation is the making of profits. That aspect, of course, is in conflict with public goals and objectives, and one has to consider the serving of social and political objectives in contrast with economic and financial objectives, which may be the primary concern of private investors.

It seems to me that the arguments for the satellite system, as they have been stated by many people, are not basically economic. They involve economic considerations, but primarily the goals and objectives should be social and political. It seems to me it is also a matter of concern that the government has refused to divulge information on cost-benefit studies and analyses which have been carried out.

As has been pointed out already, there have been three motions presented in the house in respect of this venture which were

rejected. It seems very important to me that we have this information relating to the cost-benefit analysis of the satellite system. It is important that members have this information because there have been contradictory estimates as to the cost of this satellite system.

I recognize that a new amendment was introduced which limits private investor participation to a maximum of 2½ per cent. My only comment in that regard is "big deal". The previous limit was 5 per cent. This limited private participants to 40. The new limit of 2½ per cent will restrict this number to 80. It seems to me that this does not really make any essential change in the legislation. It still means that the economic elite of Canadian society will be the ones who will participate in the satellite system.

There are further implications regarding this development involving the Sidbec trust venture and the participation of Bell Canada as the main carrier. We also must consider Bell's subsidiary, Northern Electric. Northern Electric is one of the two main contractors developing this satellite system. We are witnessing a power play by these carriers. There are other people who are participating in the system, but there is a substantial conflict of interest in respect of this legislation and the policies which have to be developed after it has been put into operation.

It seems to me that the government with its one-third ownership will not have control over the operation and development of the system, thus increasing the monopoly power of the communications industry by allowing it to participate in the scheme. In dealing with the question of public ownership and making this corporation a crown operation, I think I should refer to statements which were made by the Minister of Communications when he was the Minister of Revenue in the Quebec government. I am referring to the Sidbec operation established in Quebec. He gave some reasons in support of the idea that it should be a public operation. He stated on one occasion:

> The whole emphasis behind Sidbec was to create something that did not exist in Quebec, an integrated steel mill to give a boost and to have a multiplier effect on the economy.

I recognize that this is an economic argument with social implications. I suggest there is an even better reason for the operation we are now considering being a public corporation. We are dealing basically with social and political objectives. It seems to me that hon. members must consider very carefully the decision they make on this amendment.

As I pointed out, there are a number of precedents in Canadian history which show that a variety of courses of action have been taken in dealing with new technological development. The people of Canada do not want to see the same thing happen. They do not want a repetition of what we have witnessed in the past. The proposal put forward by the government tends to move in this direction. Surely it is a step in the same direction. We do not want the policy which existed in the past. We want a new policy which is geared to the needs of today and tomorrow. In my view the objectives of our society for today and tomorrow can only be properly fulfilled by the establishment of this satellite as a crown corporation operating in the public interest and for the benefit of the people of Canada.

[*Translation*]

Mr. Bernard Dumont (Frontenac): Mr. Speaker, having seriously looked into this Act to establish a Canadian corporation for telecommunication by satellite, we do hope, in this corner of the house, that the minister will not confuse the issues as he is doing at the Post Office and in the Communications Department.

As far as the socialists' amendment is concerned, we realize once again that they want everything to be state-run. However, since the state cannot work wonders, I would rather ask them to live this wonderful feat performed by the minister of Transport (Mr. Jamieson) who is trying to show us Heaven from another angle, because, since the post office affair, I think the minister is convinced that Hell is red.

At the outset, I would like to say that we have in Canada today, and especially in Quebec, thousands of centres that do not yet receive communications through the ordinary channels of the C.B.C. or other networks, because a television cable was refused, for example, to the citizens of Saint-Ferdinand-d'Halifax, who does not receive the programs of the C.B.C. This village is located 30 miles from Quebec City. This is clear proof that when we have public corporations, the bureaucracy they impose cannot dispense good services, since the request a citizen of Saint-Ferdinand-d'Halifax sent a year ago has not yet been answered. And so these good people do not receive the Canadian message they have a right to, because the C.B.C. has become too bureaucratic.

• (12 noon)

Personally, when I realize that we want to establish a company whose exact cost we do not know—there is talk of $60 million—I ask myself this question: Should we not start by providing services to those who do not receive any and by seriously analysing the situation in Canada, in order to prove that the C.B.C. has not given the services it is capable of giving?

And that, to prove that the amendment proposed cannot be accepted, because already too many Crown corporations have replaced the private enterprise which should continue to accomplish miracles more than it does.

However, I notice also that the minister seems quite anxious that his bill be passed.

I recently read an article by Mr. Guy Cormier, in the newspaper *La Presse,* where he said precisely that, in the province of Quebec, all the resources are not in our possession. Agreed.

But the Quebec government was not the last to recognize the interest of innovations which may upset seriously the law of knowledge and alter the process of relations between peoples. Without exaggerating, one might say that it was Ottawa that was slow in taking action. There had to be strong pressure three years ago to get the federal government interested in that field.

When it decided to do something about it, it worked frantically, upsetting private enterprise, often giving the impression that it wanted to put Quebec in its place at any cost.

I agree with the newspaperman that we are going a little too fast, and when the government in office, the government party, agrees to create a company which would operate in co-operation with private enterprise, that is what we want. But seeing some individuals in the private sector associating with some ministers, I know that the socialist members have presented their amendment because they are afraid at times that the electoral fund of a certain party will be too fat to let those who want to become millionaires dominate.

This concern is probably the reason why the amendment was proposed but it seems to me that with so many intelligent people and a minister known for his honesty and who will probably ask the Prime Minister and his associates to abolish the electoral fund, some understanding could be reached whereby private industry could go ahead while there is an assurance that there will be no contributions to the electoral funds to have one company preferred over another.

I was a delegate to Paris especially while the satellite question was under review. There I saw the *Symphonie* satellite which, in 1972, might be used for French broadcasts from Halifax to Banff. On account of the official languages bill and because of the two cultures we have in Canada, I would agree in having a satellite for English broadcasts as well.

However, in the case of companies entrusted with these broadcasts, some care will have to be exercised in view of the amendment proposed yesterday by the socialists who are represented by the New Democratic party in Canada.

While wondering about the speeches that have been made and in particular on hearing the minister say that the province of Quebec cannot afford it, so we will soon help this province in obtaining for it a satellite through the establishment of a company for this purpose, I just say to him that France is ready to offer free broadcasting to Quebec, providing there are relaying facilities. That is why we would not be a burden for the federal government.

However, it is from this angle that the minister should study the matter because I am convinced that when people who are sincere and honest in politics, when the N.D.P. members are concerned, it is always about the same thing, the same campaign fund that cannot be abolished, that will force the government to choose some company that makes contributions.

We know very well that behind the scenes pressures sometimes force some ministers not to act as they want and that is why I ask our minister to study carefully this aspect of the matter, especially as France will have in the near future a new Prime Minister, and we will be able to obtain more co-operation and have broadcasting in Canada in English and in French and not from a satellite operated by some company which would perhaps impose on us a satellite which would broadcast in English only and would give only translation to the rest of Canada.

Moreover, I think that the minister is not at the end of his troubles and his problems. I asked him in this house a question to find out whether he would send representatives from all parties to a recent meeting held with 80 countries in Washington, in order to know what the true problems are and to bring in what we from this side of the house, who believe in private enterprise, believe to be the best solution possible.

It is in this spirit of co-operation that I want to speak today to be able to promote the

establishment of a communication satellite which, we hope, will certainly enhance the culture of all Canadians.

Referring to that meeting in Washington, I read another news release that said:

> A conflict between efficiency and democracy in the operation of an international communications network by satellite might delay considerably an agreement at the conference which has now been going on for a month in Washington and is due to end on March 21.

I feel that if the minister had asked delegates from all the parties to go to Washington, an agreement would probably already have been drawn up for Canada; and today we would not have to discuss this amendment which can only delay the progress of this telecommunications satellite.

The article added, and I quote:

> Canada and what seems to be the majority—

from the point of view of ideas,

> —of the 66 delegations favoured a "tripartite" structure of administration and operation.

So, personally, even if there was no such thing as electoral funds, I would not speak of a tripartite undertaking. I would merely say: Let the private companies do their duty. They sometimes work miracles and they would be in a position to give us excellent service. But as we too have that worry, we also have reason to ask ourselves many questions. That is why we ask the minister, when he has other meetings, when discussions are held to decide this or that company will broadcast across Canada, tomorrow, through the telecommunications satellite, to kindly invite us that we might know what strings are being pulled behind the scenes. Then we can doubtless convince our good friends of the New Democratic party to want a private company, for they too will have ceased to worry about contributions swelling up election funds.

Again I wish to point out to the minister that I am not accusing him at all. I know him to be sincere enough to want some day to put an end to those election funds, which would keep us once and for all from having any doubts, and that is why, as regards the amendment before us today, I would like especially to ask him to consider seriously the question once more in order that the most learned people or company will be chosen to ensure the operation of this corporation.

Besides we can say that the satellite era has barely begun in Canada, that it is already—and it is perhaps not the amendment before us today—probably the greatest bone of contention between Ottawa and Quebec.

If we ourselves had moved an amendment, it would have been to ask that Quebec have, at least in the education field, the authority in those things.

But since we do not want to delay the debate and we are in favour of setting up the corporation, we earnestly ask the minister today to consider the possibility of having rather a company which will allow us, as in France, among other countries, to share broadcasts via the satellite *Symphonie*. Then the expenditure would surely be greatly reduced, because since the satellite will be orbiting over the equator, the band beamed towards Quebec will automatically entail no expense, and we would not have to incur an expense of the order of $60 million, let alone all the expenses that private enterprise, might be spared, in order that we go ahead in this field.

Moreover, the concern of the New Democratic party is probably due to the debt of Canada. I read recently that up to January 15 last, the national debt, including the debts guaranteed by the government, totalled $23,574 million, of which $6,361 million are in savings bonds.

• (12:10 p.m.)

If there is such a debt in Canada, is it not to put the cart before the horse to want to spend a further amount of $60 million for a satellite which could undoubtedly be operated by private interests, as long as things would not be rushed unduly, since France is already in a position to broadcast freely through the *Symphonie* satellite?

Now, I wonder why there is such a rush, and I also ask the representatives of the New Democratic party why they did consider Canada's debt instead, introduce an amendment to that effect and wait until private enterprise would enable us to meet our requirements within a few years.

I would also point out in my following comments that at present, because Quebec is concerned about the turn of events and is aware that the federal government wants to overtake them in that field it probably also wants to create a state-owned company.

That is why I urge the minister to be very cautious. The battle will certainly be tougher against a Quebec company than against well-disposed individuals like us.

We offer our co-operation to the minister. We contend that by putting first things first, by collecting all the data available throughout the world in order to work out a permanent plan, and by considering also the economic situation prevailing in Canada, we would be

heading in the right direction, because right now we may look a little like millionnaires, but we are really poor.

We want to spend $60 million. Others want to move an amendment which would enable us to simply have only a public company, when we are in debt to the amount I just quoted. Considering those facts, would it not be preferable, until such time as we have some effective legislation forbidding contributions to electoral funds, to let private enterprise develop the system of telecommunication by satellite?

At any rate, as I have already stated, an international agreement is needed. As everyone knows, we cannot go on indefinitely accepting satellites. At the present time, a country as important as France is willing to co-operate with us. And for the English-speaking element in our country, we have the United States also willing to co-operate. Let us be realistic. The minister may rest assured that we shall do our share to promote the success of this undertaking which, in my view, is a worthwhile one. It must be remembered, however, as, in the future, education may be effected by satellite, that the province of Quebec will never accept a satellite communicating nothing but translations to the province.

The province is willing to accept a French-speaking satellite, it is also ready to accept an English-speaking one. On the receiving sets to be built, listeners will be able to choose either a French or an English station, and we shall be happy that it will always be private companies that are involved.

I would not want even the Quebec government to deal with it, in our environment.

Finally, in closing, our main concern is the fact that the Socialists who have asked that a government agency solve their problem—as I referred to that earlier—may not have considered that the C.B.C. has not always provided us with the services we need.

Lately, I have also analysed a problem which, in my opinion, is rather serious in England. At the present time some Quebecers build prefab houses, export them to England and succeed in competing with the prices offered by the Socialists in Canada who have put the field of construction under government control.

Faced with such obvious facts, why should we ask for a government corporation when private enterprise, in the field of construction in Canada at the present time, in spite of all the difficulties and all the requests made here and there to improve the housing situation, still manages to build and to send overseas prefab houses at a better price than under state control building scheme in England.

This is one of the reasons why we cannot be in favour of this amendment and in the contrary, as I said earlier, we will agree to co-operate, so that we might be able to set up as soon as possible that telecommunication service which, no doubt, will be satisfactory, especially if we follow all the advise of the people of goodwill which is available to us nowadays.

Finally, Mr. Speaker, I should like everyone in Canada, apart from the election fund, to receive his due share of a telecommunication corporation so that tomorrow the homeland will be saved before the party, so that the living will receive the same services as the scientists, and so that finally the Canadian people will progress among two cultures, making it possible for telecommunication satellites to broadcast in England and in French, so that our children will not have to live through the squabbles experienced by Canadians of goodwill.

[*English*]

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, I am disappointed that the previous speaker from the Ralliement Créditiste has failed to support the amendment of the hon. member for Waterloo (Mr. Saltsman). I think that the reason he and the members of his party have been elected to this house is the failure, certainly in the area from which he comes, of the kind of private enterprise he so glowingly lauds to meet the problems of the people he represents.

I should like to support the amendment. I think we should be very pleased that we are embarking on this very interesting and glamourous space age project. I have some criticisms to make. While I am going through them some hon. members may wonder why I am supporting the amendment at all, but I think it is important that we bring up a number of matters here. I believe that we are starting on a project of extreme significance to our future and I think that the purpose of our being here is to examine all the angles and try to ascertain the best kind of structure for Canadians in the future.

I hope that in the case of Telesat the Canadian people will not be asked first to pay $30 million and then to provide up to $40 million for social and political objectives which we have failed to meet by other means. We are always doing the same thing for social and political reasons. Instances such as the

C.B.C., the Canada Council and the new performing arts centre which opened this week are well known. Its initial cost was to be $9 million but its final cost rose to $2.36 for every man, woman and child in Canada. This is done for social and political reasons. We are continuing along the path of constructing lavish and expensive projects, all in the name of Canadian unity and cultural identity. This government, like its predecessors, continuously promotes grandiose schemes while ignoring, or standing aside and wringing its hands, trends and activities far more dangerous and crucial with regard to the erosion of Canadian national purpose and pride.

We propose to spend millions on this project, but what are we doing about foreign takeovers of Canadian industry? It is notable that one of the companies that is building the satellite is R.C.A. of Montreal, a wholly owned United States subsidiary or branch plant. Incidentally, this company will hold all the patents for its share of the components. Furthermore, what is the government doing about our social objectives in the case of magazines and publications, textiles, the radio and television industry, and our higher educational institutions where there are professors who are not Canadian citizens? All of these will have a much more profound effect on communications and cultural development in Canada than this project. Each of these aspects of our economy is being engulfed by foreign takeovers. I say that the government is doing nothing about it, but here we are again going off on another luxurious tangent, largely in the name of social, cultural and political objectives. I do not know whose political objectives they are. Perhaps they are the Liberals' objectives but they are certainly not mine.

It might be worth noting that the minister has emphasized the social objectives and soft-pedalled the economic ones. The house might have cause to wonder why. I should like to support what I said by quoting from the Minutes of Proceedings and Evidence of the Standing Committee on Transport and Communications of December 9, 1968, page 163:

> Mr. Nowlan: But in the development of it we give expertise to our Canadian research scientists and the end product will be something—not like the C.B.C.—but for our national existence more than the functional end of the satellite, because as you remarked earlier, there could be a joint satellite between the Americans and the Canadians that would cover almost all North America.
>
> Mr. Kierans: Our purpose in going into this satellite is social objectives; they may be political too, but let us say, social objectives as the way of unifying the country, that that one satellite as far as we are concerned just blankets the whole of Canada. It could blanket Alaska too and there may be some arrangements that would be worked out to look after the American needs in Alaska. That is a social objective leading to a greater unification of the country. That satellite would be devoted to Canadian aims and objectives and will be programmed, I would imagine, in a way that is acceptable by the Canadian people and their cultural requirements or needs.

• (12:20 p.m.)

> From then on, I suppose you could build a case that it would be better to rent the space on the American satellite, on straight economic grounds. However, I do not think you could even build it on economic grounds, if you take a long run approach to this rather than a short run. In a short run there will be investment costs, which may include some losses in the operations in the early years, as any corporation going into any kind of field expects that its development and marketing costs, in getting control of a market, will lead to losses. It then incorporates this in the amount of capital it has to set aside in order to make the thing viable.
>
> As far as we are concerned, the economic gains in the long run will more than outweigh the costs, because by our scientists developing programs here in Ottawa in co-operation with industry our manufacturers can easily develop markets with different aspects of such a satellite; in other words, their export potential.

We might ask how this will happen if the patents are owned by people outside this country. There are some interesting assumptions in the ideas expressed in the quotation I have just read, and if there were time I would discuss them in detail. But I am speaking now of the economic justification of Telesat, the assumption that some possible spin-off effects during the development of satellite expertise is reason compelling enough for embarking on this project. It occurs to me that the spin-off argument could be employed to justify almost any venture in the scientific field—nuclear rockets, supersonic bombers, germ warfare, or even more useful fields of research such as water purification, urban transportation or efforts to improve the delivery of mail. Much more could be said critical of our scientific policy, particularly in the light of the number of projects which have been scrapped since this government took office. I have in mind, for instance, the cancellation of the oceanographic study program and the Queen Elizabeth Observatory near Oliver, British Columbia.

It might certainly be more efficient to invest our money directly in research into problems for which solutions are needed. Perhaps this would not be so glamorous or so political, but it might be much more useful in

the long run. As I say, this spin-off argument would justify almost anything done in the modern scientific field.

Another argument used in justification of the Telesat project is that it would provide telephone and television service to citizens of the Canadian north. I look to Fisher and Crowe for their views on the subject, and quote from the Toronto *Telegram* of May 8, 1969:

Telesat will have some utility in improving the quality of telephone messages in the north over the present system, largely radio-telephone, but in essence it is a duplication of a service that presently exists.

Telesat does provide the C.B.C. with the capacity to beam in TV from the regular network to isolated northern communities.

The last point has its ironies to anyone who has followed the reluctance of C.B.C. to spend capital funds on reaching those parts of Canada which have been without television.

There are still dozens of towns and villages with populations from 500 to several thousands in the lower parts of Canada which are without C.B.C. television.

Further, there are only 30,000-odd people in the whole of the upper north from the western Yukon boundary all the way through to Baffin Island.

To serve these with TV from a satellite it will be necessary to build a ground station at each one (from $100,000 to $120,000 cost for installation).

Once you strip away all the Kierans' hyperbole, Telesat, in the short run, will make its major practical contribution by enabling the C.B.C. to put TV into a handful of Arctic communities. Laudable, but hardly enough to incite all those futuristic speeches and the planned expenditure (yes, he has it down now) of $60 million.

I realize it is unfair to seize upon one aspect of this Telesat project and relate it to the total cost of the project but my arithmetic leads me to believe that on the basis of the present population of the north—and as for the future there are no really helpful projections available to us—the cost of the television and telephone service to be provided by the satellite works out at approximately $2,000 a head.

Two weeks ago Mr. A. G. Lester, a vice-president of Bell Canada, expressed doubt both as to the projected cost of Telesat and as to its need in the north. I quote from a report which appeared in the *Globe and Mail* of May 14, 1969:

Mr. Lester surprised committee members by saying he could not comment on the accuracy of the government's $60 million to $75 million cost estimate for the project. Neither he nor anyone at Bell, he said, knows the specifications involved in the estimate.

Pressed by the members, Mr. Lester said Bell's desire to integrate satellites into its communications network, rather than hard figures, is the basic reason for its participation. "If the public is to be well-served, you cannot have a whole series of competing communications services."

Noting the constant inflation of cost and deflation of service predicted in recent testimony, Mr. Macquarrie asked if the satellite would fulfil its promise in Northern Canada. "I sometimes feel I'm getting a snow job in that area," he quipped.

While most people in the northeast Arctic who want telephone service now have it, Mr. Lester said, the satellite will be necessary to serve any substantial new settlements.

"There will be a demand for communications of higher quantity and more quantity than can be provided by radio. Here we feel justified in adding rather complicated $1.7 million ground stations for the satellite—but they will only come in major centres."

It is possible that the unused capacity of our present microwave communication systems provided the motivation behind Mr. Lester's remarks, because at present there is a substantial capacity still available in our two microwave systems. Contradicting the minister, the Bell executive views Telesat as being a competing system rather than a complementary one, adding greatly, at least in the short term, to costs borne by domestic telephone users.

I think it is important, Mr. Speaker, that we examine at least briefly the broadcasting angle of this satellite proposition as it relates to Canadian social and cultural objectives. We know that the 55 per cent Canadian content rule laid down by the C.R.T.C. has recently been attacked by the private broadcasters of the C.A.B. as being archaic and unrealistic. We are aware, too, that the C.B.C. and private radio networks depend upon and even sometimes prefer broadcasting material manufactured outside Canada and expressing the cultural priorities of another country. Since this is the case, and since it is also true that at least some of Telesat's six channels will be rented, presumably to private firms, it is not irrelevant to ask how Telesat can fully reflect Canadian social and cultural objectives when it is so dependent on imported programs.

A second concern of mine has to do with the cost to the C.B.C. of using Telesat compared with the cost of using the microwave system. At least in the initial stages will not the C.B.C., an agency whose annual budget now exceeds $166 million, be forced into ever greater expenditure perhaps even against its will, thus becoming an even easier victim of public criticism than in the past?

• (12:30 p.m.)

In saying what I have said up to now I suppose I run a substantial risk of being labelled a crier of gloom and doom. Or perhaps I will be classed among those who laughed at Columbus. It is obvious to members of the opposition that our priorities are not always congruent with the priorities of the government. It is my duty, as I see it, to examine very carefully any proposal to spend $60 million to $75 million when there are many other needs for money almost daily in Canada that require to be met.

Other spokesmen for my party have outlined their specific views on the corporate structure of Telesat. We believe that if this corporation is to play a significant role in Canadian unity and identity—and I have already expressed major doubts about it being able to accomplish this—two-thirds of the control of the corporation should not, in my opinion, be placed in private hands.

In order to prevent a few individuals grabbing control of the stock, the minister has attempted to spread the ownership by reducing the shares of any one individual or group from 5 per cent to 2½ per cent. As the hon. member for Regina East (Mr. Burton) said, this is hardly an example of people's capitalism, because this provision would still allow 80 individuals to control the public portion of the stock. I think the minister will have to spread it a little thicker, or perhaps I should say thinner, than that to convince anybody that the stock will be available to the average investor. In fact, an aide of the minister said recently, according to the Montreal *Gazette* for April 22, that they would not be able to guarantee that every retired school teacher who wanted shares would be able to get them, but they were going to take steps to make sure the distribution was as general as possible. I do not believe that the distribution is going to be very general, and I do not think anybody else does either.

Another limitation placed on the issuing of shares is the 20 per cent foreign ownership rule in regard to public shares. I do not think any shares should be owned outside Canada. But more important to our cultural development is the thought expressed again by a Bell executive speaking before the broadcasting committee on May 14, as reported in the *Globe and Mail* of that date. I quote:

> If companies X, Y and Z, which may represent interests in Germany, France or the United States, are permitted to rent channels on the satellite, he said, part of the benefits of the system will be given to foreign interests.

I suggest that if we are seriously interested in developing a Canadian identity, a Canadian uniqueness, we must look at the provision for renting channels very carefully. I am not certain that Canadian interests will be protected if the people who are going to be in corporate control of a project that is being sponsored by the government have interests and priorities other than those that meet Canadian social, political and cultural objectives.

Our party feels that for social and political reasons this company should be a public or crown corporation. Because of what I said earlier in my remarks, I think hon. members will appreciate that I had a difficult time convincing myself that we should proceed at all at this time. However, since we are proceeding I think that if Telesat is not made either a crown corporation, or at the very least a company the majority ownership of which is vested in Canadian hands, the result will be a sell-out as far as the Canadian people are concerned.

It is anticipated that with the present structure the government will hold a minority of seats on the board of management. Therefore I cannot see how we can be certain of attaining the very laudable social objectives of this sophisticated, space-age experiment if the corporation is in other than public hands, if instead it is allowed to be controlled by a majority of people who do not share our Canadian cultural aspirations or the social objectives of an independent Canadian culture.

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, it is a pleasure for me to take part in this debate. It is also a pleasure to support the amendment put forward by my colleague the hon. member for Waterloo (Mr. Saltsman). I believe one should look at the bill before us and determine what we are eliminating from the particular clause. I should like to read the clause that is being amended. As amended it would read:

> Such persons not exceeding seven as may be designated by the Governor in Council are hereby incorporated as a crown company to be known as "Telesat Canada" in English—

I will not defame the French language, with all deference to my friends to my left, by trying to pronounce the French version.

I believe it should be understood very clearly that my colleague the hon. member for Selkirk (Mr. Schreyer), who in my opinion is an expert in this field, has made various representations to the committee and to the

house in order to bring to their attention why he considers this corporation should be a crown corporation instead of privately owned. I should like to make reference to the record for a moment. The first item before us when we returned from the recess was this piece of legislation. The hon. member for Selkirk has stated the objections to the bill held by those in this party. He previously moved an amendment which is to be found at page 7505 of *Hansard* for April 14. In his speech the hon. member said:

—if the industry involved is the central nervous system of our society, how can he justify putting this corporation under a form of ownership that is hybrid, that is . . . private, or what strange combination of both it may be? Even the minister is not able to tell us exactly in what ratio the public or the common carriers will be represented in the ownership of this corporation, or to what extent shares will be taken up by subscription.

Then the hon. member went on to say that this central nervous system should be controlled by the public, that any other course was completely unacceptable. I agree wholeheartedly with the hon. member for Selkirk. The hon. member said that he found this provision rather strange, and for that reason he moved a similar amendment to that now before us. The amendment was defeated at that time. The Creditistes voted with the New Democrats and the Liberals and Conservatives voted against the amendment. I have said many times in the house that there is absolutely no difference between the Conservative and Liberal parties in this area, and I believe that statement is justified by the defeat of that very sensible amendment by the combined vote of the Conservatives and Liberals.

One might ask why we are rather reluctant to accept some of the amendments and bills put before us in this house. However, when one observes the financial and economic structures of those who are applying for permission to operate a communications satellite, one has good cause for concern. Members of this party have no hesitation at all in passing the insurance company bills that come before the house if those companies indicate that within a short period of time they will become Canadian owned. If they do not do so, we do not pass the bills without debate. We find ourselves in exactly the same position in regard to this bill.

I suggest that within the Department of Communications there are experts quite capable of handling communications in this country. In my opinion they are the ones we should put our entire weight behind instead of bringing in outside experts to control something that should be the responsibility of the federal government. I have had the opportunity of associating with some of the senior civil servants in the area of communications, and I can assure the house that Canada should be very proud of having such people available to operate this type of communications system.

[Mr. Skoberg.]

• (12:40 p.m.)

It amazes me to hear the Postmaster General and Minister of Communications (Mr. Kierans) say in the house that we should not establish a crown corporation to control this new communications media. I still hope that the minister and the government will agree to accept the amendment before us and set up a crown corporation. That must be done before we employ experts from the private sector. If the minister agrees to set up a crown corporation I think the people of Canada will be much better served. The set-up proposed in the bill before us is not as desirable in my opinion as a crown corporation would be.

I must tell the minister why I am reluctant to have outside companies participating in this field. Perhaps I might begin by reading part of an article that appeared in the *Globe and Mail* for Tuesday, March 25, 1969. The heading of the article is, "Telesat Canada Ownership Is Likely To Be Split". The article says in part:

Shares in Canada's communications satellite system, Telesat Canada, will be owned by the federal government. Canada's common carrier telecommunications companies and the public in proportions yet to be decided, according to preliminary information on legislation tabled in the Commons.

The common carriers, Trans-Canada Telephone System and the communications arms of Canadian National Railways and Canadian Pacific, had originally proposed they build and operate the satellite and ground network themselves and later urged the government to share ownership with them in a crown corporation set-up.

The article continues a little farther on:

The number of shares that would be available to each of the common carriers specified in the bill likely would be limited.

The latter contention bothers me. Remembering the provisions of the bill, I undertook a little exploratory work. I wanted to see if there were grounds for my fears. The article continues:

—Power Corp. of Canada Ltd., Montreal, and Niagara Television Ltd. of Hamilton, which made an early proposal to build and operate a satellite facility, would be limited to holding 5 per cent of the public shares.

Wondering whether there was ground for concern, I looked at financial statements of Power Corporation of Canada Limited and discovered that it is a holding and investment company of the closed-end type. Investments are made primarily in Canadian equity securities, with holdings being concentrated in relatively few companies which have the potential to increase significantly in value. The copy of the financial statement in my hand contains the following statement:

> Equity investments in smaller companies, or companies in the earlier stages of development, having the potential to achieve above average earnings growth, are made through subsidiary, Power Corp. Developments Ltd.

I ask the minister, does he realize the value of the system he is turning over to private corporations? These corporations want to grow. Should the people of Canada not have a share in operating the facility to be set up? Should they not share in the growth that private corporations envisage? The financial statement of Power Corporation continues with these words:

> Investments in companies outside of Canada are made through subsidiary, Power Corp. International Ltd., and will be confined to countries with a sound economic and political climate.

Farther on the financial review says:

> Power Corp., in conjunction with Niagara Television Ltd., has placed before the Board of Broadcast Governors a proposal for establishment of a new television network. This would be known as National Television Network, and would operate stations across Canada to be joined by means of two satellites to be operated by a second company, Canadian Satellite Corp.

The document in my hand suggests that both the private companies just referred to will offer shares to the public. The cost of establishing the network is estimated to be $75 million.

May I now turn to the financial statement of Southam Press Limited. Southam Press controls quite a number of companies. One wonders why the minister does not insist that a crown corporation alone shall control the network to be set up. Of course, we all know about Southam Press. The question to be asked is, who is behind Southam Press? It seems that Niagara Television Limited of Hamilton is a subsidiary of Southam Press Limited. The statement in my hand lists a number of companies controlled by Southam Press, and perhaps I might take a little time to list them.

At the top of the list is Greater Winnipeg Cablevision Limited which provides cable television in Winnipeg. Southam Press acquired a 50 per cent interest in that company late in 1967. Next is Trans-Canada Expositions Ltd which is 50 per cent owned by Southam. The company was formed, in conjunction with MacLean-Hunter Limited, to produce certain trade shows. Then Calgary Broadcasting Company Limited is listed. It operates radio station CFAC in Calgary. Next Edmonton Broadcasting Company Limited is listed. It operates radio station CJCA in Edmonton. Southam Press holds a part interest, the rest being held by Selkirk Holdings Limited. I have already mentioned Niagara Television Limited which operates television station CHCH-TV in Hamilton. Southam Press holds a direct 25 per cent interest there and also has a 19 per cent interest in Wentworth Radio Broadcasting Limited which operates radio station CKOC in Hamilton. The latter company also owns a 25 per cent interest in Niagara Television Limited, a subsidiary of Southam Press.

May I now turn to the statement of Selkirk Holdings Limited. It says:

> An agreement in principle has been reached with Selkirk Holdings Ltd., in which the company holds a minority interest, to consolidate, where possible, their broadcasting interests. A first application has gone before the Canadian Radio-Television Commission in connection with the shareholdings of Wentworth Radio and Niagara Television in Hamilton. If approved, this application will be a step toward the separation of ownership between Southam and Selkirk in these two properties.

I have brought these matters to the minister's attention in an effort to induce him to accept our amendment. The Canadian people ought to be the owners of this communications network. There is still time for the minister to reconsider his position. The bill is designed to create a system to be utilized in conjunction with national broadcasting networks. The new system, we hope, will unite the people of Canada from coast to coast. They will be proud to own such facilities. On the other hand, if 80 individuals are to control this facility our people will not be proud. I therefore suggest to the minister that there is still time for him to reconsider his position. Perhaps he could think about it in the lunch hour. We think he ought to agree to the amendment proposed by the hon. member for Waterloo.

I now wish to comment about some other facets of the bill. Editorial writers and other contributors to newspapers have expressed concern about the arrogance displayed by the officials of Trans-Canada Telephone System. I think other hon. members have alluded to that arrogance during this debate. We are

considering the welfare of the people of Canada, and I submit that a company making the representations this company has made ought to be dealt with in an appropriate way. I do not know the term one applies to companies, but if it were a union it ought to be decertified.

• (12:50 p.m.)

The proposal of Trans-Canada Telephone suggests that the public be excluded from participating in the operation of Canada's first communications satellite. Immediately a company that is supposedly a good corporate citizen suggests that, surely the government should see, if it is so good that in the view of Trans-Canada the public should be excluded, that the public should own it lock, stock and barrel. I believe there is still time for that if the minister has the stamina to withstand the substantial pressures which I understand are being brought to bear upon him outside the house. A public body is now in the process of deciding whether the application of Bell Canada for an increase in rates is justified. This will be determined by the members of that board, and the result will indicate whether we have proved the point we are trying to make.

I wish to quote from an editorial in the Toronto *Telegram* of May 7, 1969. The chairman of Trans-Canada told the Commons Broadcasting Committee:

—the cost to the telephone companies of $5 million a year to use the satellite facilities will actually be "a subsidy" paid by Bell Canada and its associated companies.

Almost in the same breath he asks:

—that the telephone firms and other "initial participants" be given exclusive rights to the satellite's use "in exchange" for the charges to be imposed by Telesat Canada. This is the private-public company that will administer the satellite operations.

As you go through this article you realize the implications inherent in the terms they are speaking about. It is completely unacceptable to have a Canadian corporation state to a responsible federal government that Telesat should not be publicly owned. I sincerely suggest that the minister should take a very close look at the over-all situation. For the fifth time I urge the minister to accept the amendment of the hon. member for Waterloo (Mr. Saltsman).

In the time I have left, I wish to refer briefly to the original sponsor of this amendment, the hon. member for Selkirk. In his opening words on April 14, as recorded at page 7502 of *Hansard*, the hon. member said:

Mr. Speaker, ever since word went out that the government of Canada was thinking of establishing a space communications satellite, I have supported that notion enthusiastically.

Every member of this party supports that notion enthusiastically. We will continue to support it as long as Clause 3 is altered in accordance with our amendment to make it entirely a crown corporation. The hon. member for Selkirk went on to say:

—we should want to assist the Canadian scientific community to develop the expertise connected with space, with communication by satellite, and that we should be taking an important step toward giving our scientific community something concrete to work on, something that will give that community an important place in the world.

I draw to the minister's attention that the people we have in this field are experts. It is not necessary to go outside to obtain expertise. Before he introduced his amendment at that time the hon. member stated:

I cannot disagree for one second with the minister in his statement that this is indeed our central nervous system and that his department is responsible for administering to the needs of this system. Therefore, it is completely unacceptable that this central nervous system should somehow not be controlled by us.

At that time the hon. member moved the following amendment:

That Bill C-184 be not now read a second time, but that it be resolved that in the opinion of this house consideration should be given to establishing the proposed Telesat Canada as a crown corporation, with provision for participation therein by the governments of the provinces as well as by the government of Canada.

I believe that sets out in a very few words the position of our party. I believe it shows that we believe in setting up a corporation under public control to ensure that the returns from the system do not go to the private carriers but directly to the general public of this country. I am sure all hon. members appreciate the fact that Canada is a nation we can be proud of as long as we retain ownership of it. We should not allow private corporations connected with companies in the United States and elsewhere to gain control of the over-all operation of this corporation.

I believe it has been set out clearly that there is room for conflict with regard to control and regulation. If the corporation is set up as a crown entity, this will ensure there will be no problems on questions such as foreign ownership and participation. In addition, the regulation of this corporation and

the Canadian Transport Commission's efforts to regulate Bell Canada will not need to be brought before this house later.

The Acting Speaker (Mr. Béchard): Is the house ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Béchard): Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Yes.

Some hon. Members: No.

The Acting Speaker (Mr. Béchard): All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Béchard): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Béchard): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Béchard): Call in the members. Order, please. As was stated before, the vote is deferred until after the study of the other amendment in the name of the hon. member for Waterloo (Mr. Saltsman).

Some hon. Members: No, no.

Mr. Saltsman: On a point of order, Mr. Speaker. I thought there was agreement the two motions would be combined into one motion.

Mr. Knowles (Winnipeg North Centre): His Honour is deferring it until after the amendment of the hon. member for Palliser (Mr. Schumacher).

The Acting Speaker (Mr. Béchard): If the house gives unanimous consent to take the vote right now, that can be done, although I have the authority to defer the vote until after the discussion of the other amendment. Is it agreed we take the vote now?

Some hon. Members: Later.

The Acting Speaker (Mr. Béchard): The statement made last night was as follows: The Acting Speaker suggested that if the foregoing motion were negatived, the other proposed motion would become a nullity. He suggested that if a recorded division were demanded on the foregoing motion, it could be deferred until the next proposed motion is considered at which time a decision could be made with respect to the disposition of the other motion standing in the name of the hon. member for Waterloo.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Béchard): It being one o'clock this sitting stands suspended until 2 p.m.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2 p.m.

Mr. Stan Schumacher (Palliser) moved:

That Bill C-184, an Act to establish a Canadian corporation for telecommunication by satellite, be amended by deleting in subclause 2 of clause 12, all the words following "under subsection (3)" appearing on lines 19 to 22 on page 9.

He said: Mr. Speaker, the effect of this amendment is to free the Governor in Council in order that he may be able to appoint anybody as his representative on the board of directors of Telesat Canada. This amendment was proposed at the committee stage of the bill and received the same rather stiffnecked treatment from the minister as all other amendments proposed by private members. This attitude on the part of the minister even extended to textual improvement on a matter not relating to substance with regard to an amendment proposed by the hon. member for Halifax-East Hants (Mr. McCleave), and this experience leads me to believe that my amendment will not have much chance of passing.

This amendment provides us with an opportunity to raise a certain point of view with respect to the future development of government, quasi-government and mixed corporations. There is an apparent trend toward having the public service built into anything with which the government is concerned. There was evidence of this in Bill S-29, which received approval yesterday, when the Minister of Indian Affairs and Northern Development (Mr. Chrétien) said that not more than three members of the committee to be established under that bill would be members of the public service. At least there was no strict requirement in that legislation that there be any members of the public service on the

board, and I congratulate the Minister of Communications for resisting such a requirement in the present legislation with respect to Telesat Canada to the extent that it provides that at least two members of the board of directors shall be public servants.

As I say, Mr. Speaker, I do not have much hope that this amendment will pass and therefore I am not particularly worried that I seem to have missed the most important subclause. Upon further examination it would appear that my amendment should also apply to subclause 3 which deals with the permanent board of directors. This amendment to subclause 2 concerns only the provisional board of directors.

• (2:10 p.m.)

We have heard members of the New Democratic party extol the benefits of the crown corporation type of enterprise in Canada. The government party has not been particularly energetic in resisting that line of argument. In particular, we have heard certain references to the good example offered by the operations of the C.B.C. I believe the hon. member for Regina East (Mr. Burton) expressed that point of view. I think it was he who suggested that the Conservative party should be congratulated for bringing that organization into being. While the aims might have been good in 1935 in the establishment of the C.B.C., certainly no pride should be extracted from the present operations of that government organization. I think it is the best proof that we should not continue this type of enterprise in Canada.

Government sponsored enterprises never really build anything in an efficient manner. Certainly there is no proof in support of the suggestion that government sponsored organizations are efficient. Some hon. members may refer to Air Canada as an example of the efficiency of a government organization. How do they know that it is a good example? There are no yardsticks to be used to measure it. How do we know it is an efficient organization when it does not pay income tax?

An hon. Member: How about the C.P.R.?

Mr. Schumacher: How do we know these things when there is no way of measuring them? There have been no efficiency studies carried out.

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

[Mr. Schumacher.]

Mr. Schumacher: Certainly.

Mr. Saltsman: The hon. member raised an interesting point in respect of comparisons. In view of the fact there are international carriers around the world with which a comparison of this kind can be made, and in view of the fact that the studies which have been made comparing Air Canada with the operations of other international carriers have redounded to the credit of Air Canada, the hon. member should reconsider his position. Suggestions have been made that Air Canada is probably more efficient than some private enterprise carriers throughout the world. Is the hon. member familiar with those studies?

Mr. Schumacher: I am not familiar with those studies, but I do not think there is evidence which proves, at least to the people of Canada, that the large part of our air transport being conducted by Air Canada is efficient because it is a government sponsored organization. The Canadian Pacific Airlines operation does not maintain several floors of office space in Montreal, or at the location of its head office, as does Air Canada. One suspects there is featherbedding to a great extent by Air Canada. This is not the case in respect of other organizations which have to account directly to their shareholders. I do not see that there has been any reasonable measure developed as to the efficiency of these organizations. In any event, this is not the point I intended to cover in my amendment.

The intent of my amendment is that we should not encourage the appointment of individuals to the boards of directors of companies in which the government of Canada is involved from the ranks of the public service, at least not on a compulsory basis. Certainly the Governor in Council is charged with appointing the best possible individuals to these boards of directors. It may be that the members of these boards, or some of them, should be members of the public service in order that we can obtain the best possible people, but my amendment does not restrict the Governor in Council from appointing public servants. I object to any statutory requirement that there be a certain number of public servants on these boards.

During a committee meeting I used the words of President Eisenhower when he left office nine years ago. He warned against the military-industrial complex in the United States. The way things are progressing in Canada we are in danger of suffering from

what could be called a mandarin-industrial complex. These people on these boards come into close contact with the industrial leaders of this country. If there is a danger in respect of the military complex in the United States, I suggest the same thing could develop and is developing in this country.

Hon. members of the New Democratic party may suggest that President Eisenhower was referring to officers of the armed forces in the United States who are associated with big business in respect of procurement. The point I make is that there is too close an association between these large companies and government, and this is not necessarily in the interests of our private citizens. For that reason I should like to take this opportunity to warn the government about that sort of development. Certainly the government is not endangering anything it wishes to accomplish ultimately by accepting this amendment. The amendment does not restrict the government in the appointment of members from the public service to these boards of directors, if it feels it should do so.

The Acting Speaker (Mr. Richard): Is it the pleasure of the house to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Richard): All those in favour will please signify by saying yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Richard): All those opposed please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Richard): I declare the motion lost.

Mr. MacLean: On division, Mr. Speaker.

Motion (Mr. Schumacher) negatived.

The Acting Speaker (Mr. Richard): As indicated earlier this day, a vote will now be called on the prior amendment submitted by Mr. Saltsman, seconded by Mr. Knowles (Winnipeg North Centre), that Bill C-184, to establish a Canadian corporation for telecommunication by satellite, be amended, in clause 3, by deleting the words "together with such persons as a shareholders of the company from time to time"; also by deleting the words "with share capital"; and by inserting the word "Crown" before the word "Company". Is it the pleasure of the house to adopt the said motion? All those in favour please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Richard): All those opposed please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Richard): In my opinion the nays have it.

Some hon. Members: On division.

Motion (Mr. Saltsman) negatived.

The Acting Speaker (Mr. Richard): There was a ruling earlier in respect of motion No. 3 by the Acting Deputy Speaker, so a vote cannot be taken at this time on the third amendment.

Hon. Eric W. Kierans (Minister of Communications and Postmaster General) moved that Bill C-184, to establish a Canadian corporation for telecommunication by satellite, as reported (with amendments) from the Standing Committee on Broadcasting, Films and Assistance to the Arts, be concurred in.

Motion (for concurrence) agreed to.

The Acting Speaker (Mr. Richard): When shall the said bill be read the third time?

An hon. Member: Next sitting of the house.

Some hon. Members: Now.

Mr. Schumacher: I rise on a point of order, Mr. Speaker. I cannot give consent to this bill being read the third time at this sitting.

The Acting Speaker (Mr. Richard): It will be read the third time at the next sitting of the house.

[*Translation*]

REGIONAL DEVELOPMENT INCENTIVES ACT

MEASURES TO PROVIDE FOR THE DEVELOPMENT OF PRODUCTIVE EMPLOYMENT OPPORTUNITIES

Hon. Jean Marchand (Minister of Regional Economic Development) moved that Bill C-202, to provide incentives for the development of productive employment opportunities in regions of Canada determined to require special measures to facilitate economic expansion and social adjustment, be read a second

time and referred to the standing committee on regional development.

The Acting Speaker (Mr. Richard): Is it the pleasure of the house to adopt the said motion?

• (2:20 p.m.)

[*English*]

Mr. MacLean: On a point of order, Mr. Speaker, I believe you said the motion was moved by the Minister of Regional Economic Expansion (Mr. Marchand), who is not present at the moment.

An hon. Member: He is coming.

Mr. MacLean: Perhaps we could delay proceeding for a moment, Mr. Speaker.

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I believe that this is very important legislation. It is one of the major steps toward the government's objective of overcoming the disparities in economic and social development between regions of Canada. The essence of the legislation is that it provides a very powerful incentive to companies to increase employment in the slow growth regions of Canada. I hope, indeed, to be able to make it so effective that it will, in the course of the next few years, do a great deal to eliminate the term "slow growth" from substantial parts of Canada.

The new incentives that the bill proposes to provide are for firms undertaking new activities. That means either starting new plants or changing existing plants to make additional products that the plant cannot at present produce. The maximum scale of the incentives will be 25 per cent of the capital costs plus $5,000 for each job created in the new plant or in the expansion to produce new products. In order to compare that with the existing ADA program, I should say that nowadays the average capital costs of industries per job created are about $25,000. In other words, the employment related part of the incentive can in the average case be about 20 per cent of the capital costs, which would make the total incentive 45 per cent of capital costs. This compares with 20 per cent as the standard rate under the present ADA program. Whereas the ceiling under that program is $5 million, the bill provides for a maximum of $12 million.

A clearer way of expressing the purpose of the program, however, is to measure the whole incentive in terms of the jobs created. In an industry using an average amount of capital, we will be prepared to provide an incentive of up to $12,000 for each new job created. If the industry is one that uses a lot of capital, we will go as high as $30,000 per job. I should make it plain that while the incentive will now be related to the employment created as well as to the amount of the investment, the proposed program is, just as much as ADA has been, a program of capital incentives. It does not provide for any continuing subsidy. It is a once and for all incentive to companies to start new production where the employment is most needed.

The advantage of this kind of incentive is that it means the company can make a careful calculation as to where its prospects will be best. It can balance any higher operating costs, such as for transport, or any other disadvantages of locating in the slow growth region, against the reduction in capital costs that the federal incentive provides. In that way we give industry the chance to use this program to establish viable enterprises which will be of long term benefit.

With the size of incentive proposed in this legislation, I believe that a considerable number of companies will find it economic to locate in the slow growth regions. As that begins to happen, of course the operating disadvantages of a location in, say, the maritimes will begin to decline. That is because for many industries the main disadvantage is that there are not many other industries. In other words, the difficult thing is to get the growth process started. Once it is started at the best industrial locations in the region, it gets a momentum of its own and the need for incentives gradually diminishes. That is what we are going to try to achieve.

Accordingly, the proposed improvement of incentives applies to new plants and expansions that broaden a plant's production. Those are the purposes of what the legislation calls secondary incentives. The improvement will not apply to expansions that involve only the production of more of the same thing. For that purpose, the maximum incentive will continue to be 20 per cent of capital costs, the same basic rate as the ADA program.

The comparison is a bit more complicated than that, for a number of reasons. We will be dropping the deductibility provision that formerly made the effective rate for expansions less than 20 per cent. On the other hand, companies will not be entitled, in addition to the grant, to special capital cost allowances for tax purposes. The value of that tax provision has varied greatly, of course,

according to the profit position of the company. In general, it was an important additional attraction to expansions by some established companies but it was of much less value to new ventures. In other words, it tended to help most those who least needed help, and we propose to drop it in favour of stronger incentives that will be more efficient for their purpose.

For the same reason, we propose to exclude from the new program some of the kinds of initial processing operations that are very directly related to the source of raw materials and for which a locational incentive can therefore be wasteful. This does not mean that the government is ruling out assistance to primary industries and the initial processing associated with them. Under the general powers of the legislation establishing my department, we can give incentives for any kind of commercial operation when it is required for a successful development plan for a special area.

[*Translation*]

However, Mr. Speaker, the new incentives legislation is conceived in such a way as to affect the regional localization of secondary industries which do not directly depend on special resources.

Large industries in the primary sector may sometimes need assistance in slow-growth regions, but it is more logical to treat them as particular cases than to bring them automatically under the act.

With regard to another very important aspect, we are contemplating the extension of the new program in relation to ADA. The highest subsidy can reach 20 per cent of the capital costs and can be used not only for the development of existing industries but also for their modernization. Even if modernization does not normally create new jobs it may be necessary to maintain the employment level. Under the proposed legislation, modernization schemes will be eligible for assistance as are development projects solely designed to increase existing production.

The bill introduced today is substantially different from the present ADA policy on several important aspects. The incentives provided will in no way be granted automatically.

The legislation establishes a formula which determines the maximum amount which may be granted for a given project. But this amount may not be granted if the business is unable to prove that it needs the whole amount of the incentive either to set up a new branch, or to enlarge or modernize its existing facilities. All the factors enabling us to determine to what extent the new venture will benefit the area will also have to be taken into consideration.

Our judgment, of course, will not be based on any restrictive viewpoint. As a matter of fact, the over-all purpose of the legislation is precisely to develop more job opportunities and to encourage new forms of operations in underdeveloped areas. However, it provides for preventive measures to ensure that the taxpayers's money will not be wasted in order to promote a particular form of development.

Another point worth mentioning in the legislation concerns the areas eligible for grants. The "designated areas" of the ADA program have become "designated regions". In other words, the discrepancies of the Area Development Act will be done away with. Incentives under the new program will have more stringent effects since the designation of any relatively small areas would bring about serious anomalies with neighbouring areas.

Therefore, except for the particular case of Prince Edward Island, the legislation provides that a designated region must extend at least over 10,000 square miles. The reason behind this choice is that it represents an area 100 miles square, so that the centre is located about fifty miles from the boundary. The ease with which one travels today thus makes readily available to the residents of an area of that size the job opportunities within such an area.

The designation of those regions will not be made according to rigid statistical criteria. It will have to be proven that job opportunities are exceptionally inadequate. That can be assumed either by the rate of unemployment, or the low rate of growth, which is reflected by constant displacements. It will also be necessary to have good reasons to believe that the incentives which can be provided are designed to encourage the economic development of the area.

If these conditions are met, consultations will take place with the province in respect of the designation of regions. Obviously, if these consultations are to mean anything, we will have to give up the rigidity of statistics as the only criteria for designation. We hope to use good common sense as well as statistics.

I can say that informal preliminary consultations have already taken place with the provinces. Of course, no final decision will be

taken as for the designation of regions before the legislation has been enacted. But we can already state that we are going to designate almost all the eastern part of Canada, that is, a large part of Quebec and of the Atlantic provinces. It is also possible that we shall have to add important areas in the five other provinces.

The legislation provides for an orderly transition between the existing ADA program and the new program. There will be, in fact, a six-month period, from the 1st of July to the 31st of December this year, during which those programs will be applicable. It should be possible to commercialize, before March 31, 1971, the projects accepted under the existing program.

However, inevitable delays will not result in the cancellation of the subsidy.

Those remarks dealt with the most important aspects of the legislation. There are still, of course, many technical problems that we shall have to examine later. For the moment I would like to conclude by stating that the primary objective of the legislation is to offer a new opportunity for recovery to the areas of Canada that have suffered so long from slow growth. The proposed incentives will be powerful enough to ensure industrial expansion wherever it is possible. I think that in this way we shall be able to launch a real process of economic expansion and that our new program associated with the other programs of my department, will enable us in a not too distant future to provide new jobs to hundreds of thousands of Canadians in the areas which are now the least prosperous in our country.

[*English*]

Those are the main principles of this bill, and I hope I am not being presumptuous if I say that I shall be surprised if many hon. members disagree substantially with them.

At the same time, I fully recognize that there is one aspect of the bill that requires frank and careful discussion, namely, the very considerable discretionary power which it puts in the hands of the minister. I can say in all sincerity that, if there were a satisfactory alternative to this discretion, I would be delighted. It will make life very difficult for me and for the officials who by delegation will bear much of the burden. It is not the kind of power that either I or they relish. But the bill is written in the way it is because, after very careful consideration, I can see no other way to achieve the benefits for employment in this country that we are all seeking.

[Mr. Marchand (Langelier).]

There are two reasons why a policy of this kind must be flexible. One is that the problems of the slow growth regions are very difficult. The other is that the needs of different industries are very varied. That the problems are very difficult is obvious. That is why the slow growth regions have been with us so long, why many earnest efforts, at all levels of public and private initiative, have not overcome them. It is clear that if we are going to have more success now, if we are going to bring about all the industrial growth that is viable, the incentives for locating in the slow growth regions must be strong. That is the reason for this legislation.

But while we will not get enough industries without strong incentives, it is equally clear that not every industry, not every new plant or expansion, needs the same level of incentives. After all, some industry has been established in the slow growth regions without any incentives at all, or with only the incentives that have been available in recent years under ADA.

In this bill we are proposing a level of incentives that we believe will be high enough for any industry that is going to be successful in the long run. But obviously that is a higher level of incentive than some industries need. If we paid the maximum level to them all, we would in some cases be wasting the taxpayers' money. We would be providing some companies with more incentive than they really need, and the difference would be a windfall profit at public expense.

Let me illustrate the problem by describing one idea which we considered and rather regretfully rejected. Obviously the difficulty about locating in, say, the maritimes is, for many types of industry, that the local market is small and other markets are a good distance away. Suppose, for example, that the industry is one in which the economic plant size is so large that the market has to extend over most of eastern North America. An industry of this kind needs, other things being equal, a bigger incentive than an industry that can produce economically for a market of a few million people.

We considered whether we could limit the discretion in the bill by laying down some sliding scale of incentives based on this kind of consideration. You will not be surprised, Mr. Speaker, to hear that we found it impossible. The kind of formula that might suit some industries would produce hopeless anomalies for others. It would have meant refusing adequate assistance to some projects

that plainly would benefit employment in a slow growth region, while probably giving other projects more assistance than they needed.

• (2:40 p.m.)

I am confident that any hon. member would have been driven to conclude, as I was, that the only thing to do is to ask parliament to establish in this legislation rules about the maximum level of incentives and then decide on an individual, case by case, basis whether the incentive should be offered on the maximum scale or at some lower level. That makes a very difficult program to administer. I wish it were not necessary. But if we really want to attack regional disparities, if we want to give the slow-growth regions a real chance to share in the country's industrial growth, the policy just has to have the degree of flexibility proposed in this bill. If it does not, it cannot possibly do the job without wasting the taxpayers money in a way that we cannot ask the people of the rest of Canada to accept.

The question in my mind then became this, Mr. Speaker: how do we guard against any abuses which might creep in to the administration of a flexible program? There are two kinds of safeguard. One is internal organization, and the other is public scrutiny. Good internal organization ensures that all cases are handled systematically and that difficult cases are reviewed by enough officers to ensure that individual biases are very unlikely to prejudice the final decision.

At the same time it is important that this process should not make decisions unnecessarily slow. There will be some applications which clearly will not be eligible at all under the terms of the legislation. There will be many more cases about which it can be readily decided that they should receive the maximum primary incentive—20 per cent of capital costs—but cannot be considered for a secondary incentive. Both these types of case will be quickly dealt with, normally by two officers only.

The difficult cases, where we may or may not provide the maximum incentive, will be reviewed by at least three officers according to careful procedures for evaluating the financial prospects of the enterprise and the benefit-cost considerations involved for public policy. The most difficult cases of all will be further reviewed by at least two of the most senior members of the department before coming to me if policy issues are involved.

I should make it clear that I will in no circumstances be involved before the final stage of consideration of any case. It will be essential to be most scrupulous, and I shall be most scrupulous, to make it clear that no applicant will be able to short-cut the process by talking to me, or having some friend talk to me. That would not help at all. On the contrary, it will be made clear that any kind of intervention while a case is under consideration is likely to handicap the applicant. The minister's role will be to make the final decisions on the biggest or most difficult cases, to make sure that the objectives of the policy are being pursued. But the officials have to do the detailed work in all cases, and it is not the minister's job to get involved before the officials have studied the details. If I or any future minister began to interfere in the normal consideration of cases, suspicions of political favouritism would at once be aroused. Word would get around. In no time at all the press and the opposition would be alerted, as they should be, and the minister would have a bad time. Those are the facts of life, fortunately, in our system.

Moreover, these internal safeguards are only part of the picture. This program will be operated with the fullest possible flow of public information. In this respect, because the program is more discretionary than the ADA program, I intend to make important changes in procedure. We will continue, of course, to respect completely the confidentiality of applications until the company is ready actually to go ahead with the project. But as soon as it has decided to do so, we shall include it in a monthly list of projects for which incentives are being given. This will be a public list, tabled in the house if hon. members wish, and it will state the scale of incentive provided to each project. If political favouritism is suspected, the issue can be raised in this house. The points of contention, however, will no doubt relate mostly to applications which are rejected or which receive a grant below the maximum and less than the company thinks it should have. The first appeal in such cases will no doubt be from my officials to me. If the company remains dissatisfied, and wishes to pursue the matter publicly, I would be entirely willing to state the reasons for the decision and hon. members would be able to question it.

Naturally, I have considered carefully whether there should be provision for an appeal to any kind of independent arbitrator. As I had the privilege of establishing the Immigration Appeal Board, in an area which

had always previously been one of great ministerial discretion, I do not think I shall be accused of prejudice against an independent appeal process. But this is very different kind of legislation from the Immigration Act. The issues are not ones of law and individual rights but of economic judgment in relation to public policy. In such matters the proper point of final argument lies not in any quasi-judicial body but in this house, to which I am responsible for the administration of the legislation. I would be happy, Mr. Speaker, that the case of any applicant who feels aggrieved should be publicly discussed by the appropriate parliamentary committee. These, I suggest, are the proper and adequate safeguards against any abuse of the flexibility which is essential to the purposes of this legislation.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, this is an important piece of legislation and one for which we have been waiting for some time. It is important that it be brought into effect with whatever changes the house may see fit to make.

It has taken about a year to get as far as this, a long time it seems to me. The bill before us represents the measure which the minister is placing before parliament with regard to industrial incentives in areas of slow growth. Subject to refinement as the measure proceeds through the house, it is my view that we should get on with the job. Our main effort should be to improve the legislation and to prod the minister and his staff into a faster rate of activity than has been manifested to date. I believe a measure such as this to be in the national interest. Indeed, I hardly think it needs justification at this point; it is a measure to encourage industrial development in parts of Canada where there are substantial problems of unemployment and under-employment, together with the potential for development.

As the minister has quite properly pointed out, the bill does not make provision for continuing subsidies. It provides, rather, for an initial encouragement designed to offset the higher initial or starting up costs of an industry locating in a part of the country in which there are higher initial costs as a result of the lack of a highly developed labour force, or other factors.

This bill does not provide for continuing subsidies such as those involved for example in the tariff policy which make a continuing subsidy available to industries which receive protection. It simply provides that an industry which is prepared to locate in an area of slow growth should be able to do so on somewhat the same basis as an industry commencing activities in an area of more rapid growth. It recognizes, quite properly in my view, that an industry going into an undeveloped area industrially faces higher starting up costs. I think this is fully consistent with the national interest and properly administered ought to lead to a better utilization of our human and natural resources in this country, and therefore to the proper balancing of national and regional interests. Consequently, I think the measure is well justified in the national interest.

• (2:50 p.m.)

I am pleased, too, that the bill does recognize, first of all, the importance of grants toward the capital cost of industries in areas of slow growth. Secondly, I am pleased that the bill finally recognizes the importance of giving some help during the early break-in operations of a mill or plant which are usually related to the cost of training new personnel and working them into an effective unit. Thirdly, I am pleased that the bill recognizes the importance of the minister and his department consulting fully with the provinces before designating areas. I hope it will be the policy of the minister to consult fully and carefully, and on a continuing basis, with the provincial governments so as to ensure to the fullest extent possible that the development programs of the federal government and the provincial government concerned are fully co-ordinated. I think this is of the utmost importance.

I may say that some of us have been pressing these concepts upon the government of Canada for some four or five years. Actually, the concept of this kind of grant relating to assistance on the capital side, assistance on the secondary side to help meet the cost of properly getting going—which is recognized in the bill—and the concept of growth centres were recommended to the governments of the four Atlantic provinces some 4, 5 or 6 years ago by a distinguished economist in the United Kingdom who was retained for the purpose of making such a study. I refer of course to Professor Wilson, the Adam Smith professor of applied political economy at Glasgow University. These recommendations received a cool reception at the time in Ottawa. The general reaction was that Professor Wilson may understand the economy of Great Britain, but perhaps he has not fully taken into

consideration all the different circumstances that exist in Canada.

It is interesting to note that some five years later the government of Canada is prepared to adopt in principle virtually everything that Professor Wilson recommended at that time. I am pleased to see, although it does take time, that governments here can learn. In other words, the views once scorned, and gradually adopted in part, in the first instance related not to the concept of growth but to the concept of unemployment. I think it was unfortunate that the growth centre concept was ignored. The concept of developing centres of self-generating growth, urged by Professor Wilson and others a number of years ago but rejected by the government of Canada, has now been accepted by the minister. This is encouraging.

The same thing applies to the secondary kind of aid that the minister is proposing to give in certain cases. There is a recognition that since a new product is being developed there will be an additional period of difficulty for the factory or plant concerned. The secondary kind of aid is related, in some respects at least, to the amount of employment that is involved. This concept was advanced by Professor Wilson and is one of which anyone involved in promoting industry in a province of slow growth is only too well aware.

It would be difficult to exaggerate the handicap faced by an industry entering an industrially underdeveloped part of Canada in order to establish an industry of any sophistication and which requires training of personnel. It was possible to overcome this to some extent under the old vocational training agreements made between a province and the federal government to train unemployed on the job. This method was available for some time, and it was possible to overcome this kind of difficulty.

However, in the newer vocational training agreements adopted a couple of years ago, this facility was eliminated. It became impossible any longer to provide this kind of training on the job for a period of six months or so. It became virtually impossible under conditions existing in past years for an industry to establish itself in an underdeveloped area, where there was no pool of trained labour to speak of, and satisfactorily commence operations at a plant without suffering almost catastrophic losses during the initial period until the work force was trained, became integrated and was effective as a unit. In other words, this process received a substantial setback under the new vocational training agreements adopted a couple of years ago. It is of the utmost importance that the minister is now taking measures to provide for this kind of much needed assistance, I would say essential assistance, and I hope that the measures taken by the minister will prove, as I believe they will, to be really helpful in this respect.

Without dwelling too long on the past I must say that, as a result of the failure of the government of Canada over the past four or five years to take advantage of all the good advice given to it, a good deal of time was lost in areas like the Atlantic provinces. Certainly, some effort was wasted and there has been a loss of time in developing centres of strong growth. I am pleased to see that the minister has revised the thinking in this regard, though I am a little discouraged by what seems to me to be the rather leisurely way in which the whole matter has been proceeding to date. I do not want to be unfair to the minister because he may have more difficulties to overcome than are apparent to me on the outside, but it seems to me that one year is quite a long time to take to get to the stage where we are just beginning to put the measure through the house. I find it difficult to understand why it would take one year to get this far. That fact that it has taken a year inevitably makes me question with how much vigour the program is going to be implemented.

There are other areas of concern with regard to this legislation, and the minister mentioned one of concern to him as he closed his remarks, namely the degree of discretion that is vested in the minister under this legislation. The minister emphasized the burden placed upon him. He recognized that inevitably some suspicion might arise in the course of the exercise of this discretion. He pointed to ways and procedures that he proposed to follow in order to reduce any such suspicion, and said he would do as much as he could to convince everyone concerned that he and his staff were being absolutely fair and even-handed.

• (3:00 p.m.)

I wish the minister well in this regard. I hope he is able to convince everybody concerned that there is no favouritism. I know he will try to administer the bill in that way. I suggest that it might be helpful to him, and to the program generally, if he were to consider the establishment of an advisory board

enjoying some degree of independence. Such a board might examine how the act is being administered and make helpful recommendations from time to time. If men and women from labour and management with experience in the development of industry were to sit on the board, the board would be useful to the minister. Many minds in this country would be set at rest to some extent as to the way ministerial discretion is exercised. The board might continue to be helpful in making suggestions as to how administration under the act could be improved.

There is another aspect of administration on which the minister did not dwell. It is vitally important for people who are trying to promote industrial growth in a particular area, and for the industrialists concerned, to know as precisely as possible just what aid is available. It is important for the highest degree of certainty to be provided in this regard. If those concerned with the matter do not have that degree of certainty it will be difficult for those on the promotional side of the program to work effectively. It is unlikely that industrialists will wait too long in obtaining answers as to how much help is available. Industry will be confronted with a decision. An industrialist may want to build a plant and he may have a variety of locations from which to choose. Locations in designated areas will be considered, but he will not wait too long for answers. Industry may not be prepared even to consider establishing itself in designated areas unless someone who is interested in the area can say from the outset pretty specifically what help is available. It may be that no industrialist will be prepared to go through the long process of finding out what aid is available. He may not wish to wait months and months before finally getting an answer from the minister, only to find that the answer from the company's viewpoint is unsatisfactory. Unless the minister and his staff can introduce into this program far more certainty than they seem to have in mind, it may be difficult to entice industrialists to go through the long and uncertain process of finding out what aid will be available to them.

I know the minister feels there is need for flexibility. If industry is to develop in certain areas it will need to be certain about help available to it. Yet, there is a danger here. It stems of necessity from the manner in which the program is to be set up. The program involves a very high degree of centralization. Nearly all decisions must in some way go through the minister. The minister is responsible for virtually every decision that is to be made. It is true that much of the spade work can be done by those working with him, but there will be a highly centralized exercise of discretion and there is a real danger that a bottleneck will develop because the legislation now being considered is not the only legislation the minister must administer. He must administer general legislation relating to regional economic development. That, too, involves the exercise of many other kinds of discretion. He will have many other things to consider.

The aid that is available must be reduced to writing, so that people can understand it. It will not be reduced to writing, perhaps, if the minister exercises his discretion too much. The greater the extent to which the minister exercises his discretion, the greater will be the danger that bottlenecks develop. I hope this does not happen. Conceivably the minister could become the greatest bottleneck in the country and I would not want that to happen.

Again I urge the importance, sir, of having the discretion under the bill translated as rapidly as possible into rules which will enable people to know where they fit. The rules will have the added effect of reducing the exercise of discretion on the part of the minister. Everybody concerned will thus be greatly facilitated in deciding how to proceed.

It is difficult to overemphasize this point, sir. So far as possible, the rules I have mentioned should be simple and clearcut. The minister worries, quite properly, about big money being wasted. He feels that in exercising his discretionary powers he ought to head off businessmen trying to get money they do not really need. I admire the minister in this respect, and the public will appreciate his motives. But let me suggest, sir, that as a result of the minister's desire to make sure no person receives money he is not entitled to, so many complexities may be introduced into the program that many people will not bother with it. Let me suggest this, too. The public has a great interest in this program and its best interest is served by making the program work. From the point of view of the Canadian taxpayer, the value of the program will be measured by the results it produces. We must be sure it produces results.

Some hon. Members: Hear, hear.

Mr. Stanfield: I have made this suggestion in the hope the minister will not set up so

many lines that have to be gone through, and so many complexities in making applications, that the success of the program will be jeopardized. The greatest waste of all would be to fail in the course of the next four or five years to develop self-generating growth in those areas of Canada the minister hopes to help. That will be the greatest failure. I do not urge the minister to throw away public moneys carelessly, but he should try to establish simple rules so that people may see where they fit. Only in this way can the program succeed.

If someone happens to get his hands on a few thousand dollars or even on a million dollars he may not really need, I do not think we should worry too much. After all, the government can recover that money eventually through taxation. Provision could be made for such capital to be carried on the books of a company in a way that will stop that company claiming any depreciation on that capital. I am not suggesting that the government should give away public money needlessly; I am only suggesting that eventually the money will be recovered. I also suggest as strongly as I can that there is a need for decisions to be reached as quickly as possible so that everyone may know as quickly as possible where he fits. Bottlenecks must not be allowed to develop, or the program will fail. I say that as earnestly as I can.

• (3:10 p.m.)

There are many definitions and declarations in the bill. I do not know what they mean. They should be defined as rapidly as possible at the committee stage and if that is not possible, by the minister. What exactly is meant by a plant being in commercial production? The operators of a plant become entitled to certain aid only when the plant goes into commercial production. The industry will want a clear definition of commercial production before it goes into a scheme of this sort. A plant operator will want to know exactly and precisely the conditions upon which the payment will be fully available. What is meant by a new product? What is meant by a significant contribution? There are many items of this sort which should be clarified as much as possible. I assume the committee will give these matters very close attention. Admittedly, they do not concern the principle of the measure and, therefore, I will not dwell on them at this time.

While I have been suggesting today there are dangers in the minister having too much discretion, danger in the lack of clarity in the standards to be established, there are some respects in which the bill may be too limited in its scope. I think the minister should consider embracing within the terms of this kind of measure certain types of service industries. He should consider, for example, the tourist industry. I presume the minister can help a particular tourist establishment under his general legislation. I assume this is the case, but in most of these areas in which the minister will be interested, the tourist industry is likely to have a very substantial potential for growth. It is likely to be very important to the development of the region. The minister will probably agree this is so, but he will probably say he can take care of it under the other legislation. Is the minister prepared to consider on an ad hoc basis an application from every builder of a motel, for example, in a designated area such as the Atlantic provinces? On the other hand, is the minister going to set forth some clearly defined rules so that those involved in that industry know what help, if any, is going to be available to them?

I hope the minister will very seriously consider including service industries, such as the tourist industry, that are clearly related to growth in this concept of development. Having done this, I hope he will proceed to provide clear rules as rapidly as possible so that we will not have a bottleneck develop because every application has to be processed from scratch.

I think the minister indicated this assistance would probably not be available to certain types of primary industries or industries involved in the initial processing such as processing of raw materials in an area. I do not know precisely what that means. For example, is fish a raw material in an area? Does this mean a plant involved in processing fish for the market would not be entitled to this kind of assistance? I do not know. This type of situation should be clarified because it could be, and frequently is, one of the best potential sources of growth in a particular region. The same can be said of forest products as well. Someone may say there is not much employment provided by a pulp mill. There is a great investment of capital, perhaps $40 million or $60 million, and only 300 to 400 men are employed. However, there are also many men employed in the woods and in industries required to service such a mill and its employees. There are many sections of the country where the minister will be concerned with this kind of work. Work in the woods will perhaps be the most suitable kind of

industrial development available or likely to be available. It may very well be through helping this kind of industry to establish that the minister will make his greatest contribution in some regions of the country.

We should not assume that an industry may not need this kind of help. A pulp company may not consider going into a part of the country in which there is no tradition of work in the woods and where there are no people used to working skilfully in the woods. It may be of the most vital importance to that area that this kind of work become available and the people learn the skills. A company probably would not go into such an area without some kind of assistance to get through the initial period in which the people acquire the necessary skills in the woods in order to produce the wood for the factory at a competitive price. I urge the minister not to be too rigid in any concept as to the kind of industry for which help will be available. I hope he will consider the service industries and not rule out too quickly industries involved in what he may now consider to be the early stages of processing primary products.

I wish to draw two other aspects of this problem to the minister's attention. The first is the matter of the economic infrastructure of the region. This bill, of course, is concerned with direct help to an industry. One of the purposes of the Atlantic Development Board in the Atlantic provinces was to help improve the economic infrastructure. This involves roads and basic services to industry which may not be available because the area is not highly developed from an industrial point of view. This kind of back-up assistance is essential to rapid growth in any area that is not highly industrialized. I am sure the minister fully realizes this, but I want to make certain he does not believe for a minute that he can satisfactorily generate and sustain successful industrial growth simply by helping a particular plant. It must be a much larger and more highly integrated concept than that.

I am sure the minister understands this, but I want to emphasize with all the force I can that this measure by itself cannot succeed. I regard it as essential, but it must be backed up by a broader concept. In relation to the broader concept, the general tax picture in a region is important. This is obviously the case in connection with municipal taxes which may be applied directly to the industry, but it is also important in terms of the general economic climate of the province. For example, it is important in connection with highway taxes and taxes generally. I wish to point out to the minister, as I am sure others have, that a number of the slower growth Provinces in the country found it necessary to increase their taxes very substantially this past year, perhaps the past number of years, in order to provide basic services which in turn are related to growth. The Economic Council of Canada quite properly pointed out that it is absolutely essential to the satisfactory growth of a province or region that there are adequate services in the area such as education, transportation, health and services that the Economic Council of Canada refer to as growth related services.

[Mr. Stanfield.]

• (3:20 p.m.)

So, Mr. Speaker, again I suggest to the minister that he is not going to succeed in his program unless the government of Canada takes measures, in co-operation with the provinces, to ensure that there is an adequate level of growth related public services in the area which he is seeking to assist. These should be available without imposing too heavy a burden upon the people or industry of the area. I want to emphasize that as strongly as possible.

In closing, sir, I say that there are questions of detail that the committee will want to examine. I wish the minister well in the administration of this bill. To use a hackneyed phrase, he has taken on a very challenging task, far from easy and in fact very complex and difficult. It will require all the imagination and all the energy at his command. I wish him well, but I hope he will be able to inject a higher degree of certainty into the program than he now appears to have in mind. I think this is absolutely essential. I believe the minister should broaden the program to make it available at least to certain types of service industries which lend themselves to this kind of consideration. It is vitally important that he back up this program with a general program relating to the strengthening of the infrastructure in the province. And finally, Mr. Speaker, it is essential to the success of this program that the province or region concerned be adequately serviced with growth related government services at a cost that is reasonable to the people and to the industry the minister is trying to interest in moving into the area.

Mr. Max Saltsman (Waterloo): Mr. Speaker, there sits a very brave man, and I would like

to welcome Canada's new economic czar. I listened carefully to what the minister said when outlining his program. I now feel that the discretionary power he recognizes as so dangerous is absolutely essential to the performance of his task. There is no doubt that in accepting this task the minister is going to make his life extremely difficult, because talking about how much money has been spent in an area will not wash any more. The only thing that will be important will be results, and he will stand or fall on his ability to correct the great disparities that exist in Canada.

The minister has complete power to act, and I shall commence my remarks by saying that I wish him well with those powers. I hope he will get the co-operation of his colleagues because, if he does not, they will break his heart. The job of members of this party is quite clear. It is not to carp about the details of the legislation, or perhaps even to make suggestions to the minister. It is to see that he gets results; to stay with him until he gets results, and to hold him responsible for results in the depressed areas of the country. This, of course, is what we have always talked about. This is what responsible government is all about. This is what responsible ministries are all about—not excuses, not the language of the bill, not reasons that things cannot be done, but the opportunity to do them and an accounting to parliament concerning the doing of them.

I wish to point out some of the pitfalls that the minister will face. We recognize that aid on a large scale will be necessary, yet if we take a look at the estimates for this purpose we find there is no increase in the current fiscal year. Thus we may well ask the minister, "How are you going to do it? Who is going to give you the tools to do your job? Are you going to persuade your colleagues of the importance of the task ahead of you, or will they let you be the fall guy when the money is not forthcoming so you will have to make the excuses on their behalf?"

The other thing that is vital is insistence upon full employment. This is not the first time the minister has heard this argument from me. If the minister is going to get industry into the Maritimes, into Manitoba or Northern Ontario, it may mean that some industries will have to leave central Canada, and when that happens there will be an awful lot of screaming. The only way to ensure that that kind of anger does not occur, to ensure that the policy is not one of beggaring your neighbour, is to see that you have full employment in central Canada. The prosperity of the developing areas depends to a large extent on what happens to the developed, highly industrialized area of Canada. You cannot separate one from the other. Unless the minister insists upon full employment policies, I am very much afraid that even with the best of intentions and most energetic will, the program cannot succeed. Therefore, I think it is essential for the minister to insist upon this, as we have in the past and as we will continue to insist.

As the program proceeds, we will be looking at the question of grants to the private sector. We are not averse to seeing sizeable expenditures made in order to develop areas, but what we do question is what appears to be the rather one-sided approach that this aid be given only through private entrepreneurs. There is not a single word in the legislation about the establishment of crown corporations. There is not a word about the government going into business itself. After all, this is bribery on a massive scale. We are talking about the provision of $1 million for 33 jobs. Why don't we go into business ourselves if we are prepared to spend that kind of money? Surely, we are capable of doing that?

There is no sense in arguing about who will get the money because, according to this legislation everything is discretionary. The minister has responsibility for everything. I give notice that we will be examining the decisions he makes, and will extend our criticisms or congratulations as the cases warrant. If we look at what the government has done in the past in terms of aiding industry we find that the Vickers Corporation was one of the main recipients of government charity, with rather disastrous results in the long run. Devco was another beneficiary, again with disastrous results for the people of the area. Now, we have Erco, which has received government benefit, and we have an extreme pollution problem. I ask hon. members who are so sold on private enterprise, how much worse could any government enterprise have done?

Mr. Deachman: What about the government of Saskatchewan?

Mr. Saltsman: The government of Saskatchewan will go down in history when the Liberal party's name is forgotten because it pioneered things your government hadn't the vision to see. You have been living off the capital of the government of Saskatchewan ever since. So, you hold your Smart-Alec

remarks for a moment while we try to have some sort of reasonable, sensible discussion.

• (3:30 p.m.)

The Watkins report in respect of the level of foreign ownership which exists in Canada points out the dangers that attend foreign ownership of our economy, including the loss of Canadian sovereignty and, the fact that extraterritorial decisions are made by these foreign owned companies. If the pattern in the future is similar to that of the past, and if these United States or other foreign interests are to be protected by this kind of incentive, what assurance do we have that the interests of national corporations will not supersede the interests of these regions? I suggest to you that the only way we can guarantee to these underdeveloped regions of Canada that development will be continuous and in their interest is through the establishment of Crown corporations on a scale we have not contemplated in the past.

It is not my intention to talk about Crown corporations without making some suggestions. There are some Crown corporations which could very easily be located in these areas. Recently we had a debate in respect of drugs, and it was pointed out that the measures proposed by the hon. Minister of Consumer and Corporate Affairs (Mr. Basford) to bring down drug prices were not adequate. It was suggested that what was really needed in this country was a Crown corporation for the manufacture of drugs. This would be an ideal industry for location in areas such as the one we are discussing. If we are going to spend the kind of money talked about in this bill, how could we spend it better than by investing it in the future of all Canadians? In this way all Canadians could be shareholders in these companies rather than investing their money in companies, the future of which is not always ours to determine but is determined at a head office removed from this country.

It is not my intention to speak at length on this bill, and hon. members on the other side of the house may contain their applause until the card goes up. I feel I have said almost everything I want to say, or I have presented at least a rough outline of my feelings. There will be a great deal of time available to us during committee hearings and when the bill returns to the house to examine the measure in detail. My closing remarks again take the form of a caution regarding those constitutional problems now being created by the powers possessed by the minister. How rigid is he going to be in terms of interpreting the Canadian constitution? We know he has made some statements in the past which indicate his belief in the need for an infrastructure to persuade industry to properly locate. This means the federal government will have to become involved with the provinces in the construction of roads, schools, hospitals and this sort of thing, in order to make areas attractive to industry. I hope the minister will not take a rigid position such as the position adopted by his confrere, the Prime Minister (Mr. Trudeau). If he does, I do not see how this program will meet with success.

The existence of an economic czar creates a lot of problems at the federal level. It will be of interest to see how these problems will be worked out. It will be of great interest to see the extent to which the Minister of Regional Economic Expansion (Mr. Marchand) is able to convince his colleagues that the narrow constitutionalism we so often observe on the part of other members of the house is not adequate to meet the challenge of our times.

Like the hon. gentleman who preceded me, I should like to close by saying that all members of this house wish the minister well in his undertakings. I assure him that we will carefully scrutinize and evaluate his efforts. He has now the power to do good. Let him use that power to do good.

[*Translation*]

Mr. Henry Latulippe (Compton): Mr. Speaker, I am pleased to participate in the debate and to discuss the bill which the minister has brought in. I would like to tell him immediately how much I admire him for having taken the initiative of introducing that helpful measure because Canada needed it.

We know that this bill will not be a cure-all, but we sincerely congratulate the minister for being concerned with industry. He is doing quite well, because, in my opinion, this is one of the most appropriate measure we have ever had in Canada.

At the present time, we have to develop our industrial technology. We have to modernize our industries by all possible means and this bill will make it possible to produce a lot for the people and to develop labour, particularly specialized labour in some techniques that we are now unable to use.

Those workers now have to emigrate to other countries. We are paying to promote

and train such labour, and a great proportion of those workers are now leaving the country because we lack the necessary industries and techniques to use them.

• (3:40 p.m.)

I want to say to the minister and to the house that the purpose of the industry is not only to create labour but to produce in order to meet the needs of the country and the community. That is the purpose of industry and automation will increase its output. We shall use technology as much as possible according to whatever financial resources the government will put at our disposal.

As it stands now, a large number of small or medium-sized industries do not manage to find the capital required to enlarge and renovate their plants so as to make them more profitable. Through modernization and technology, they will certainly yield more profits and will be in a position to expand and to produce more. The government will have to intervene in order to facilitate the sale of the increased production from modernized industry. At the present time many companies have lagged behind and therefore are more or less economic operations.

Modernization of industry will not help the sale of our products.

I was saying a while ago that the industry is not meant to provide jobs but to produce. Industry is so automated today that soon we shall be unable to find work for everybody. Then, industry will not pay sufficiently high wages to the citizens and there will not be enough money into circulation to allow them to live from industry.

We will need other bodies, other means to correct the situation, but that is not the minister's responsibility. At the present time, he offers concrete measures that will be useful to the population, that will help improve designated areas that are practically undeveloped but that can become industrialized and keep part of their labour force at home.

This legislation will allow some areas to develop. In this way, the economy of those regions will acquire some balance.

We loyally support this measure. In our view, it is a very good piece of legislation, an exceptional one even. We have been hoping for something like this for a long time. The minister is presenting it today.

We must congratulate him on his bill and on the measures he has suggested to increase our industrial heritage.

This will bring only a partial solution to the problem, because the problem is an economic one and not a political nor an industrial one.

At the present time, industry is not meeting all the needs nor is it fulfilling all its duties. That is why we can say that we have surpluses of certain products.

If we want industry to run well, these surplus products must be sold, either as exports or through adequate purchasing power. Once again I know that these industrial improvements will not put at the disposal of the taxpayers the purchasing power required to make the industry run properly.

Once it is modernized, once it has adopted all the technology, once it starts producing at full capacity, industry will have to sell its products. The government will then be faced with another problem. Another department will probably manage to solve the problem, but the minister will still have something to say when he sees that a surplus of products exists and that it must be sold. He will then say: If you want me to make a go of it, you have to give adequate purchasing power to taxpayers, so that the merchandise will move. Thus, another problem will be sown, and we shall reap it later.

We will settle for the time being, for a few months and maybe for a few years, a "stationary" problem, but it will not, be solved at 100 per cent by those most efficient means. We need those means. We need to apply all the technology and to use all the science that we have at our disposal. We must provide our industries with all the means they need to keep on expanding and to yielding top profits to the people.

With regard to what they cannot give, once again, further internal means, additional measures will be needed in order to solve the various problems which will have to be settled in addition to that one. It is one of the main problems to be solved and, once again, the minister is to be commended for taking such action.

I think that the bill is well timed. A few minor amendments might have to be made, but the minister has taken into account the geography and the economy of the province of Quebec and of every Canadian province, in order that those improvements benefit the regions that need them.

The designated areas will be able to benefit from them and the minister should be commended for that. Then, Mr. Speaker, I think

that this legislation is a good one and I am confident that if nothing else crops up, if there are no loopholes, the bill will be very helpful to the people. It will contribute to the economic development of our industry and our labour. At least, once in the course of our history, we shall have done something practical, something long awaited by the population. This legislation will be welcome throughout Canada and by provincial governments. The minister will have no trouble to make arrangements with provincial governments, as far as the designation of areas is concerned, so as to enable all areas and regions remote from large centres to benefit from the Canadian economy.

● (3:50 p.m.)

[*English*]

The Acting Speaker (Mr. Richard): Is it the pleasure of the house to adopt the motion?

Motion agreed to, bill read the second time and referred to the Standing Committee on Regional Development.

Mr. Frank Howard (Skeena): Mr. Speaker, I wonder whether I could rise on a point of order to make a proposition to the house. Because of the progress made and the proximity in time to private members' hour, I wonder whether the house would consider proceeding to private members' hour at this time for the purpose of considering two items, namely, item No. 1, about which an order has already been made, relating to Bill S-33, and item No. 6, second reading of Bill No. S-30. Upon the conclusion of the consideration of those two items, the house would then adjourn.

The Acting Speaker (Mr. Richard): Is it the pleasure of the house that we call it four o'clock and proceed with private members' business?

Some hon. Members: Agreed.

PRIVATE BILLS

ATLANTIC MUTUAL LIFE ASSURANCE COMPANY—REPORT STAGE

Mr. G. H. Aiken (for Mr. McCleave) moved:

That Bill S-33, to incorporate Atlantic Mutual Life Assurance Company, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs, be concurred in.

Motion (for concurrence) agreed to.

The Acting Speaker (Mr. Richard): When shall the said bill be read a third time?

Some hon. Members: Now.

Mr. Winch: Now, by consent.

Mr. Aiken (for Mr. McCleave) moved that the bill be read the third time and do pass.

Motion agreed to and bill read the third time and passed.

THE PERTH MUTUAL FIRE INSURANCE COMPANY

Mr. D. Gordon Blair (Grenville-Carleton) moved that Bill S-30, respecting the Perth Mutual Fire Insurance Company, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Motion agreed to, bill read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

The Acting Speaker (Mr. Richard): Pursuant to an order made earlier this day, this house stands adjourned until two o'clock on Monday next. May I take this opportunity to wish hon. members better weather and an interesting and restful weekend.

At four o'clock the house adjourned, without question put, pursuant to special order.

HOUSE OF COMMONS

Monday, June 9, 1969

The house met at 2 p.m.

VACANCY

Mr. Speaker: I have the honour to inform the house that a vacancy has occurred in the representation, namely, of Edward Richard Schreyer, member for the electoral district of Selkirk, by resignation.

Accordingly I have issued my warrant to the Chief Electoral Officer to make out a new writ of election for this constituency.

PRIVILEGE

MR. McGRATH—COMPLAINT RESPECTING PRESS ARTICLE DISCUSSING COMMITTEE CONSIDERATION OF SEAL HUNT—MOTION TO REFER

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to rise on a question of privilege affecting all members of this house. My question of privilege arises from an article by John Gray in the Montreal *Star* of June 3 which, I understand, has been given wide distribution throughout the country by a certain group and which has only now come to my attention. It deals with the sixth report of the Standing Committee on Fisheries and Forestry. This is the first opportunity I have had to raise this question of privilege because, as I have indicated, the article came to my attention only this morning.

The article in question concerns the hearings held by the Parliamentary Committee on Fisheries and Forestry on the subject of seal hunting in the Gulf of St. Lawrence. I intend to back up my question of privilege with a motion.

To indicate that I have a very sincere and genuine question of privilege I need only to quote several sentences from the article by Mr. Gray. They read as follows:

> Throughout their hearings on the seal hunt, the committee has functioned like a hanging jury in a kangaroo court. As usually happens in such cases, and as is evident in the report, they got the verdict they wanted.
>
> The committee, dominated by Maritimers and led by a small core of Newfoundlanders, was determined to vindicate the annual slaughter of baby seals. For even the relatively few Atlantic fishermen who take part in the seal hunt, the extra cash they earn is a happy bonus in a desperate economy.
>
> To accomplish their purpose the committee members proceeded with vigour. They maligned and insulted opponents of the seal hunt; they accepted unquestioningly the testimony of witnesses whom they liked, and rejected the testimony which did not accord with their prejudices.

I believe that the article in question casts a reflection on every member of the committee and on every member of the house. It accuses the committee of deliberate dishonesty and of perpetrating a deliberate injustice and, in my view, is clearly in contempt of parliament.

I therefore move, seconded by the hon. member for Gander-Twillingate (Mr. Lundrigan) that:

> The article in the Montreal *Star* of Tuesday, June 3 by John Gray entitled "Seal Probers Lack Comprehension" be referred to the Standing Committee on Privileges and Elections, to determine whether such matter is a violation of the privileges of this house.

Mr. Speaker: The question of the privileges of members of parliament is, of course, a very serious matter, and one of the responsibilities of the Speaker, who is acting on behalf of hon. members, is to ensure that these privileges are protected. Of course it is not always easy to establish a happy medium between the two requirements in our democratic society, that is the right of individual members of the House of Commons to be protected in the discharge of their responsibilities and, as a counterpart, the rights and privileges of the press to express themselves freely.

• (2:10 p.m.)

The article to which the hon. member referred is obviously rather strong in tone, and I should like to have an opportunity to look at it a little more closely. If hon. members have comments to make on the proposal of the hon. member for St. John's East that the article, or the matter in question, be referred to the Standing Committee on Privileges and Elections I would be pleased to hear their views; we should not, of course, go into the matter too deeply; we do not want at this time to revive the debate on the substance of the matter considered by the committee.

Seal Hunt Consideration by Committee

What might be helpful as far as the Chair is concerned are views as to whether there is an actual abuse of the privileges of hon. members, in commenting on parliamentary committees. If hon. members have views to express at this time they will be taken into account when I consider the matter further.

Mr. Lloyd R. Crouse (South Shore): I should like to accept your invitation to comment briefly, Mr. Speaker, by pointing out that the Committee on Fisheries and Forestry worked very diligently on this problem, after it had been referred to us for consideration. We examined all the facts as presented to the committee. We became aware that portions of the testimony given by some of the witnesses were in direct contradiction to facts which had been presented to us both by way of films and in other testimony.

After examining all the evidence it was the unanimous decision of the committee that the type of report which was eventually filed should be presented. Consequently we feel that the attitude taken and the expressions used in this particular newspaper article are not in accordance with the facts, and that the matter should therefore be referred to the committee for further examination.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I say on behalf of my hon. friends as well as for myself that we were quite prepared to leave this matter for you to decide. I think I am correct in assuming that Your Honour will check the record of the committee before reaching your decision.

As I say, we were prepared to leave it completely in your hands. However, in view of the fact that comments have been made from the floor in support of the motion we should like to register at least a question as to whether a matter of privilege is correctly before us merely because the press or outsiders comment on what goes on in parliament or in its committees. If we start referring to the Committee on Privileges and Elections every comment about the proceedings of parliament that we think is unfair, that committee will have a very busy time.

I have not studied closely the proceedings of this particular committee, but because of some correspondence I have received I have taken a cursory look at the record and it strikes me that witnesses and hon. members sparred off against each other quite well. I do not know whether one side or the other won, or whether it was a draw. I shall not try to settle that point at this time, but I think it would be a questionable practice for us to regard the expression of free speech to which the hon. member has referred as something which should be called into question before a committee of this house.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, if every journalist who writes something against any parliamentary body or any member of this house had to appear before the committee on privileges and elections, the committee would be kept busy all the time.

But we all want the freedom of the press to be protected, and therefore I endorse the statement just made by the hon. member for Winnipeg North Centre (Mr. Knowles). We leave the decision entirely up to you in regard to this matter, and we do not think that such a matter or any similar question should be raised in this house, as we know very well that all journalists do not carry us in their heart and that quite often they use rather harsh words when writing about us.

[*English*]

Mr. Speaker: I thank hon. members for their comments. As I indicated a moment ago it will be my duty to look into the matter more deeply this afternoon, and a decision will be given later in the course of the day.

ROUTINE PROCEEDINGS

[*Translation*]

TRANSPORT AND COMMUNICATIONS

Tenth and Eleventh reports of the Standing Committee on Transport and Communications—Mr. Lessard (Labelle).

[*Editor's Note: Text of foregoing reports appears in today's Votes and Proceedings.*]

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

NEW BRUNSWICK—P.E.I. CAUSEWAY STUDY

Question No. 1,735—**Mr. Latulippe:**

Did the findings of the studies made on the proposed construction of a causeway between New Brunswick and Prince Edward Island establish (a) that the project is physically feasible, strictly from a scientific and engineering point of view (b) that it would be of benefit to the population groups involved from the point of view of commerce and communications (c) that its cost cannot be calculated, even approximately, because of

possible and unforeseen risks (d) that the proposition to construct the causeway was not sound and impossible to implement?

[*Translation*]

Hon. Arthur Laing (Minister of Public Works): (a) The project of a crossing between New Brunswick and Prince Edward Island is feasible in several configurations; (b) Yes; (c) No; each feasible configuration has been estimated to establish a ranking in order of cost. The more attractive configurations have been estimated in detail; (d) It is sound from an engineering point of view and possible to implement but was not proceeded with because of the excessive capital requirements.

[*English*]

LIFE INSURANCE TAXATION REGULATIONS

Question No. 2,087—**Mr. Saltsman:**

1. When are the regulations concerning the taxation of life insurance companies going to be made public?
2. Have the proposed regulations been submitted to representatives of the industry for comment?
3. Have representatives of any other groups been given an opportunity to comment?
4. Have any changes taken place in the proposed regulations as a result of these discussions?
5. How many briefs have been received on the proposed regulations and from what groups or individuals?
6. What is the reason for the delay in the publication of the proposed regulations?

Hon. E. J. Benson (Minister of Finance): 1. Draft regulations were published on May 9th. The final regulations cannot be made public until Bill C-191 has been passed.

2. No draft regulations were submitted to representatives of the industry for comment until after they were tabled in the House on May 9th.

3. See No. 2.

4. See No. 2.

5. No briefs had been received on any proposed regulations before May 9th, since no regulations had until then been proposed. However, several memoranda have been received from the Canadian Life Insurance Association concerning the application of the proposals in last fall's budget, and in addition, briefs and representations have been received from certain other associations and companies in the life insurance field and other individuals.

6. The Bill to amend the Income Tax Act and the draft regulations took longer to prepare than is usually the case because of the technical difficulties in designing the detailed legislation necessary to apply the principles set out in last fall's budget to a very complex industry which had been virtually exempt from income tax previously.

DEPARTMENTAL EMPLOYMENT OF INDIANS AND ESKIMOS

Question No. 2,138—**Mr. Paproski:**

1. How many Canadian Indians and Eskimos are employed permanently in the Department of Indian Affairs and Northern Development, and in each case, at what positions?
2. Is the government taking steps to increase the number of Indian and Eskimo appointments at the top levels in the Department and, if so, what steps?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): 1. (a) Canadian Indians employed permanently: District school superintendents, 3; Educational services, 7; Teachers, 144; Administrative officers, 5; Information officer, 1; Superintendents of Indian agencies, 5; Assistants, Indian agencies, 32; Community development and welfare workers, 28; Band constables, 42; Clerks, 81; Secretaries, stenographers, 49; Caretakers, 123; Labour services, 128; Total, 647. (b) Canadian Eskimos employed permanently: Clerks, classified, 4; General Services, Labour and Trades, 175; Total, 179.

2. The Government is taking steps to increase the number of Indian and Eskimo appointments at the top levels in the Department by encouraging them to train for and enter competitions in order to join the Department or advance within it. Their opportunities for advancement are also enhanced by means of training and development programs provided by the Department.

In addition, a specific recruitment and development program has been launched, to recruit Indians and Eskimos into the Department, in decision-making positions as much as possible, and to provide thorough and useful training and development for them, as well as those Indians and Eskimos already with the Department. This year a personal letter from the Deputy Minister was sent to each Indian and Eskimo student at university pointing out the desirability of their entering the Department at graduation and offering summer employment in the meantime as a means of assisting their education and preparing them for advancement within the Department later. All but two contacted indicated interest in the Department and approximately 60 have joined it for summer work in all Branches.

Questions

GRANT TO STANLEY GRAY

Question No. 2,163—**Mr. Dinsdale:**

1. Has the Secretary of State received a report from the Canada Council with respect to the award of the $5,500 scholarship to Stanley Gray?

2. Was this report submitted voluntarily or at the request of the Minister and, if so (a) when was it received, and (b) when was the request made?

3. Has the Secretary of State issued any (a) advice, or (b) instructions, to the Canada Council based on the report?

4. Does the report indicate that the award was made as (a) a form of political exile to remove Mr. Gray temporarily from the country, or (b) an attempt to reform his political views?

Hon. Gérard Pelletier (Secretary of State): 1. Yes.

2. The report was submitted voluntarily. (a) It was received on April 3, 1969; (b) Not applicable.

3. No.

4. No.

ESTATE TAX COLLECTIONS

Question No. 2,172—**Mr. Rodrigue:**

1. What was the total amount of estate tax collected by the government for the year ended March 31, 1968?

2. What amount was collected in the Province of Quebec?

3. What amount was remitted to the provinces?

4. What amount was remitted to the Province of Quebec?

Hon. E. J. Benson (Minister of Finance): 1. $102,192,358.

2. Taxation Division of National Revenue Department estimates the amount collected in Province of Quebec to be 22 per cent of total amount collected in Canada, that is, some $22.5 million.

3. Interim estimate (March 1969) of total estate tax payment for 1967-68 was $53,-562,000.

4. Interim estimate (March 1969) of estate tax payment to the Province of Quebec for 1967-68 was $12,420,000.

EXTERNAL AFFAIRS PUBLIC RELATIONS STAFF

Question No. 2,194—**Mr. Robinson:**

1. Does the Department of External Affairs have a public relations staff and, if so, how many?

2. What is the total cost of public relations for the Department for each of the years 1960-68 inclusive?

[Mr. Chrétien.]

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1. The Department of External Affairs has no public relations staff as such. Relations with the press and public and with foreign governments, in Canada and abroad, are part of the regular duties performed by foreign service officers, administrative services officers, and information services officers. At two posts, London and Washington, the counsellor (press) and minister-counsellor (information), respectively, were appointed by Order of the Governor General-in-Council.

2. See question 1. An accurate estimate of the total cost of these activities is not possible.

*NUCLEAR POWER GENERATING PLANTS

Question No. 2,198—**Mr. Hopkins:**

1. Is Atomic Energy of Canada Limited or the responsible Minister, or any other person on behalf of Canada, seeking to make arrangements under which Canada will participate in the construction of any nuclear power generating plants in any other country and, if so, when may an announcement be expected?

2. Is heavy water used in the operation of nuclear power generating plants and, if so, will heavy water produced by Deuterium of Canada Limited be available for use in any nuclear power generating plants constructed by or with the co-operation of Atomic Energy of Canada Limited in the immediate future?

Mr. R. J. Orange (Parliamentary Secretary to Minister of Energy, Mines and Resources): In so far as Atomic Energy of Canada Limited is concerned: 1. Yes, and announcements will be made as arrangements are concluded.

2. Yes. Heavy water is used in the operation of nuclear power generating plants of the CANDU types. It is not expected that any heavy water will be produced by the Deuterium of Canada Limited plant in the immediate future.

WESTERN CANADA FLOOD RELIEF

Question No. 2,214—**Mr. Southam:**

Is the government giving consideration to providing relief grants to western provinces to help alleviate recent serious flood damage?

Hon. E. J. Benson (Minister of Finance): Yes.

TAXATION ON MUNICIPAL BONDS REVENUE

Question No. 2,244—**Mr. Fortin:**

1. Is the government considering, has it considered or will it consider, tax exemption for revenue derived from municipal bonds?

2. What does the government propose to do to help financing municipal corporation capital expenditures?

Hon. E. J. Benson (Minister of Finance): 1. This is a matter of Government policy. If the Government proposes any exemption for income received for municipal bonds, it will be announced at the appropriate time.

2. The Government of Canada proposes to maintain a fiscal and monetary policy which will reduce inflationary pressures on the capital market, and enable it to provide capital for economic development and for the social needs of the Canadian people. Where social needs are of compelling priority, as in the case of public housing and municipal sewage treatment, the government will continue to make funds available at less than market cost through CMHC.

Indirectly, the federal government makes substantial amounts of capital available, at rates based on the yield of Government of Canada bonds, through purchases by the Canada Pension Plan Investment Fund of provincial, or provincially-guaranteed securities. Where the provinces feel it is appropriate, these funds are used to assist in municipal financing. In 1968-69 the amounts made available to provinces from this source were:

($ millions)	1968-69
British Columbia	107.5
Alberta	68.4
Saskatchewan	35.9
Manitoba	42.3
Ontario	421.0
Quebec	2.4
New Brunswick	21.8
Nova Scotia	29.2
Prince Edward Island	2.9
Newfoundland	14.2
Total	726.6

CANADA COUNCIL GRANTS

Question No. 2,278—**Mr. Robinson:**

1. How many Canada Council grants have been awarded since the inception of the Canada Council, who are the recipients and how much was each grant?

2. Does the federal government intend to change the terms of reference for awarding Canada Council grants and, if so, in what respect?

Hon. Gérard Pelletier (Secretary of State): 1. I am informed by the Canada Council that the requested information is provided in the Canada Council annual reports.

2. No.

ALTERNATIVE EMPLOYMENT FOR POST OFFICE PERSONNEL

Question No. 2,285—**Mr. Yewchuk:**

Could the Minister of Communications inform the House if any definite steps are being taken to provide alternative employment for persons whose jobs are being or have been eliminated by the recent Post Office reorganization?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): In so far as the Post Office Department is concerned: It is assumed that this question refers to the institution of five-day week delivery service. To prepare for the reduction in staff as a result of this change the Department for several months did not fill vacancies on a permanent basis and thus created a backlog of vacant positions. Through this action it will be possible to absorb those employees whose positions were eliminated through the five-day service.

PROVINCIAL APPEAL BOARDS IN ASSISTANCE PLAN

Question No. 2,293—**Mr. Orlikow:**

1. Does the Canada Assistance Plan Act contain a provision requiring the participating provinces to establish provincial appeal boards to which applicants for assistance can appeal decisions respecting their applications for assistance with which they disagree?

2. If so, how many provinces have established such appeal boards and which are the provinces which have established boards?

3. Which provinces have not yet established such appeal boards?

4. Has the federal government set a deadline at which time all provinces will be required to have established these appeal boards?

Hon. John C. Munro (Minister of National Health and Welfare): 1. No. However, the statute does contain a requirement that an agreement made under Part I shall provide that the province will, inter alia, ensure the provision by law, not later than one year from the effective date of the agreement, of a

procedure for appeals from decisions of provincially approved agencies with respect to applications for assistance or the granting or providing of assistance by persons directly affected by such decisions. This requirement is embodied in agreements in effect with all provinces.

For the purposes of these agreements provincial law is defined as acts of the legislature of a province that provide for assistance or welfare services in the province under conditions consistent with the provisions of the federal statute and regulations and includes any regulations made under such acts. A provincially approved agency includes any department or government, person or agency authorized under provincial law to determine eligibility for assistance.

2. All provinces have met the foregoing requirement by providing, in a provincial act or regulation, for appeals against decisions in relation to eligibility for assistance through administrative review, the use of bodies originally established for other purposes, the creation of special boards or a combination of these approaches. While the terms of the agreements in this respect have been met, the Department of National Health and Welfare has continued to hold discussions with the provinces toward the development of the most effective forms of appeal procedures.

3. See 2 above.

4. See 1 above.

VIOLATION OF NATO CHARTER BY GREECE

Question No. 2,297—**Mr. MacDonald (Egmont):**

1. With reference to the answer to Question 1,964, when does the government intend to make such comment?

2. What action has Canada taken or is it contemplating with regard to the violation of the NATO Charter by Greece and Portugal?

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1 and 2. Both Greece and Portugal, as members of NATO, have accepted certain obligations as signatories of the North Atlantic Treaty including the obligation to safeguard "the principles of democracy, individual liberty and the rule of law". The Canadian Government places great emphasis on these principles. On the other hand, we cannot be the sole judge of how they are implemented and we do not think it would strengthen the Alliance if we were to try to impose our judgment on others.

The Canadian Government has expressed the sincere wish that there will soon be a return to parliamentary institutions in Greece not only for the benefit of the Greek people but also to enhance co-operation between Greece and other members of the community of democratic countries in which Greece has played a helpful and welcome role in the past.

Portugal was a founding member of NATO but its government has also been criticized for following undemocratic and illiberal policies. We do not wish to interfere in Portugal's internal affairs any more than in those of Greece but we have constantly made clear our disapproval of Portuguese policy respecting Angola and Mozambique. We hope that the new Portuguese administration of Prime Minister Caetano will bring about changes in those policies to meet the legitimate aspirations of the people of the territories concerned.

PRINTING OF POSTAGE STAMPS

Question No. 2,315—**Mr. Lambert (Bellechasse):**

1. Does the Post Office Department buy the stamps that are sold to the public in post offices?

2. Are stamps printed by a press belonging to the Department, or by the Office of the Queen's Printer?

3. If not, where are they printed?

4. What were the costs of printing, if any, in the years 1967-68 and 1968-69?

5. What were the total profits realized by the Post Office Department on the sale of stamps to the public in the years 1967-68 and 1968-69?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): In so far as the Post Office Department is concerned: 1. Yes, under the terms and conditions of contracts with the two security printing firms located in Canada.

2. No.

3. Postage stamps are printed at Ottawa by the British American Bank Note Company Limited and the Canadian Bank Note Company Limited on equipment belonging to the companies.

4. 1967-68: $1,263,800; 1968-69: $1,153,200.

5. Profits on postage stamps are confined to philatelic sales. Sales by the Philatelic Service at Ottawa less the associated salary costs and the printing costs of such stamps were $1,067,600 for 1967-68 and $1,187,660 for 1968-69.

SOLICITOR GENERAL PUBLIC RELATIONS STAFF

Question No. 2,318—**Mr. Robinson:**

1. Does the Department of the Solicitor General have a public relations staff and, if so, how many?

2. What was the total cost of public relations for the Department for each of the years 1960-68 inclusive?

Hon. G. J. McIlraith (Solicitor General): 1. No.

2. Not applicable.

*CF5 AIRCRAFT FOR ARMED SERVICES

Question No. 2,320—**Mr. Brewin:**

1. How many CF 5 aircraft are on order for use by the Armed Services of Canada?

2. How many CF 5 aircraft are in the course of construction and how many have been delivered or are ready for delivery?

3. What is the per capita cost of each CF 5 aircraft, what is the total expenditure contemplated and what has been expended to date?

4. Is the Government of Canada, in the light of the Prime Minister's comments in Parliament of May 8 and 9, giving consideration to cancelling the balance of the CF 5 aircraft order?

Mr. D. W. Groos (Parliamentary Secretary to the Minister of National Defence): 1. 115.

2. 15 are in the course of construction; 18 have been delivered and seven are ready for delivery. However, virtually all material and equipment has been procured and is in some stage of manufacture and assembly.

3. The flyaway cost of each CF 5 is estimated to be $1,143,000. This does not include research and development, reconfiguration or support costs. Total program cost is estimated at $215 million for aircraft and $9 million for weapons systems, of which $178,400,000 has been spent to April 30, 1969.

4. No.

*DDH280 DESTROYER ESCORTS

Question No. 2,322—**Mr. Brewin:**

1. How many DDH280 class destroyer escorts are being constructed and what is the total estimated cost of this program?

2. Have any destroyer escorts been delivered to the government?

3. How many destroyer escorts are in the process of assembly?

4. Where and for what purpose is the DDH280 class destroyer intended to be used by the Government of Canada?

5. Is the Government of Canada, in the light of the Prime Minister's comments in Parliament on May 8 and May 9, considering cancelling the DDH280 program?

Mr. D. W. Groos (Parliamentary Secretary to the Minister of National Defence): Mr. Speaker, the answer to the first part of the question is, four, at a total estimated cost of $225 million. The answer to the second part is, no. The answer to the third part is, four. The answer to the fourth part is, these destroyers will be employed in the anti-submarine role by Maritime Command principally in the Atlantic area. The answer to the fifth and last part is, no.

*NATIONAL DEFENCE—1970 TARGET STRENGTH

Question No. 2,327—**Mr. McCleave:**

What is the target in numbers for 1970 of the Department of National Defence for (a) military personnel, and (b) civilian personnel?

Mr. D. W. Groos (Parliamentary Secretary to the Minister of National Defence): Mr. Speaker, the answer to this question is as follows. The 1969-70 estimates are based on a military strength of 98,238, and a continuing civilian personnel strength of 36,685, together with 3,674 man years of non-continuing employment. The target for the 1970-71 estimates will not be known until the defence review has been completed.

SCIENCE SECRETARIAT

Question No. 2,333—**Mr. Orlikow:**

1. Which Minister is responsible for the operations of the Treasury Board?

2. Which Minister is responsible in general for the science policy of the government?

3. Do the Chief Science Advisor and the Science Secretariat report directly to the Privy Council Office?

4. If not, which specific aspects of the Science Secretariat's work are directly responsible to the Privy Council Office?

5. Which specific aspects of the Science Secretariat's work is the responsibility of other government departments or agencies?

Mr. J. E. Walker (Parliamentary Secretary to the Prime Minister): 1. The President of the Treasury Board.

2. The Chairman of the Privy Council Committee on Scientific and Industrial Research, the Hon. C. M. Drury.

3. The Chief Science Adviser to the Cabinet is also the director of the Science Secretariat. On most aspects of his work, he reports directly to the Chairman of the Privy Council Committee on Scientific and Industrial

Research. On matters coming before the Cabinet itself, in which scientific and technological considerations are relevant, the Chief Science Adviser works as part of the Privy Council office through the Secretary to the Cabinet.

4. Answered in 3 above.

5. None.

PREGNANT MARE ESTROGENS

Question No. 2,339—**Mr. Howard (Skeena):**

1. Does the government have any knowledge of the procedures used to obtain estrogens from pregnant mares?

2. If so, what are the details about such procedures and, if they are considered of a cruel nature, are any plans underway to limit the degree of such cruelty and, if so, what are the details of any such plans?

Hon. H. A. Olson (Minister of Agriculture): 1. Yes.

2. The general sanitation, care, and management under which these mares are kept compares favourably with husbandry practices on the average premises where horses are maintained.

Urine is collected for about 4½ months during which the mares are stabled, with daily exercise, and the remainder of the time they are at pasture. The supply of water and the diet is regulated in order to have urine of high quality. A controlled salt intake lessens the desire for water.

FEDERAL-PROVINCIAL MANPOWER COMMITTEE

Question No. 2,363—**Mr. MacDonald (Egmont):**

1. When was the Federal-Provincial Manpower Committee established?

2. What are its terms of reference and responsibilities?

3. To whom and when does it report?

4. Who are the present representatives on this committee and by whom were they appointed?

5. How often does it meet and when did it last meet?

6. What expenses has it incurred?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): 1. No committee having the name: federal-provincial manpower committee has been established by the Minister or by the Department of Manpower and Immigration.

2. Not applicable.

[Mr. Walker.]

3. Not applicable.

4. Not applicable.

5. Not applicable.

6. Not applicable.

LOAN TO COMMONWEALTH TRUST COMPANY

Question No. 2,365—**Mrs. MacInnis:**

1. Did the Commonwealth Trust Company apply for a loan to the Canada Deposit Insurance Corporation during 1968?

2. Did the Canada Deposit Insurance Corporation find the state of the financial affairs of the Company unsatisfactory?

3. Did they make any recommendations to the Company to rectify this?

4. Was this information transmitted to the Government of British Columbia or to any of its officials?

Hon. E. J. Benson (Minister of Finance): 1, 2, 3 and 4. As was stated on May 21 in answer to the similar question No. 2,112, *Hansard* page 8888, it has not been the practice nor is it considered appropriate for the Canada Deposit Insurance Corporation to make public any information relating to the affairs of any member institution.

REGIONAL ECONOMIC EXPANSION ADVERTISING

Question No. 2,374—**Mr. MacDonald (Egmont):**

1. Since January 1, 1967, what advertising or publicity material had been prepared for or circulated by the Department of Forestry and Rural Development or the Department of Regional Economic Expansion?

2. In what provinces was it distributed, in what manner and at what times?

3 What firms prepared or produced this material and at what cost?

4. Were tenders called and, if so, what were the bids of the unsuccessful firms?

5. Who were the chief executive officers in firms awarded contracts for advertising or publicity purposes?

Mr. Russell C. Honey (Parliamentary Secretary to the Minister of Regional Economic Expansion): 1 and 2. Five advertisements were distributed in all provinces and one in Quebec. All related to programs of the Rural Development Branch of the former department, and were placed in selected daily and weekly newspapers and farm journals and on selected radio and television stations in January, February, March and May 1968.

3. Inter-Canada Advertising Agency Limited at a cost of $15,397.

4. No.

5. President, Micrea Seni; Vice-Presidents, Henri A. Dutil, Yvon Fortier; Secretary-Treasurer, Zacharie Hara.

ACTIVITIES OF C.B.C. DIRECTORS

Question No. 2,383—**Mr. McCleave:**

1. Do any officers, directors or members of the Board of Directors of the C.B.C. (a) belong to labour unions (b) work in offices at positions below the executive level (c) work in the primary industries of farming, fishing or forestry outside of executive offices (d) work at an hourly wage rate (e) live in old peoples' homes or in buildings occupied at least 90% by those of 65 years of age or more?

2. If so, who and in what category?

Hon. Gérard Pelletier (Secretary of State): I am informed by the C.B.C. as follows: 1 and 2. The information in the Corporation's files relating to members of the Board of Directors does not contain the answers to these questions.

PHOTOCOPYING BY LIBRARIES

Question No. 2,391—**Mr. Yewchuk:**

Does the government anticipate introducing legislation which would expand the present copyright laws sufficiently to permit libraries to make use of modern methods of photocopying?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Canadian Copyright Law is at present under review by the Economic Council of Canada and until a report is received from the Council the Government does not anticipate introducing legislation that might be considered as prejudging any copyright matter.

NEWFOUNDLAND FRED PROGRAM RESEARCH

Question No. 2,404—**Mr. Marshall:**

How much was spent on FRED Program Research for Newfoundland in 1965-66, 1966-67, 1967-68 and 1968-69?

Mr. Russell C. Honey (Parliamentary Secretary to the Minister of Regional Economic Expansion): 1965-66, Nil; 1966-67, $31,217; 1967-68, $93,661; 1968-69, $253,456; Total, $378,334.

MANITOBA INTERLAKE FRED AGREEMENT

Question No. 2,406—**Mr. MacDonald (Egmont):**

1 Is a federal-provincial working group presently reviewing and revising the Interlake FRED Agreement for Manitoba?

2. What are the terms of reference for this activity?

3. Who are presently members of that group?

4. What is it considered will be the essential changes made in the present Interlake Agreement?

5. What representations have been received from the Interlake area and what attempt is being made to consult the various area and regional boards with regard to these revisions?

Mr. Russell C. Honey (Parliamentary Secretary to the Minister of Regional Economic Expansion): 1. Yes, in accordance with the terms of the agreement.

2. To examine what program changes, if any, would assist in achieving the objectives of the plan.

3. Staff of federal and provincial departments, under the joint co-ordination of the federal and provincial managers of the plan.

4. The guidelines for the review are based on the view of the two governments that the Agreement is generally working satisfactorily. Consequently they envisage no fundamental change of the plan, and no important modification of the Agreement's present overall financial structure. They do, however, call for improved co-ordination by bringing more existing federal programs within the plan, thereby broadening its capacity to meet the problems of low income and low participating people.

5. The local chairmen of the ten Area Development Boards have presented their views to the Manitoba Minister and to the Interlake Advisory Committee. Representatives of the Area Development Boards have presented their views on each sector to the review working groups. Draft findings incorporating these views have been discussed with the boards. There have been consultations with the chiefs and councils of Indian bands in the Interlake area.

FOOD LABELLING LEGISLATION

Question No. 2,418—**Mr. Yewchuk:**

Does the Honourable Minister of Consumer and Corporate Affairs foresee introduction of new legislation governing the labelling of food and non-food items this session?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): No.

Orders for Returns

QUESTIONS PASSED AS ORDERS FOR RETURNS

BOOKBINDING—DEPARTMENTAL EXPENDITURES

Question No. 1,834—**Mr. Rondeau:**

What were the 1967 and 1968 totals of expenditure by the Department of National Defence and the various other departments on bookbinding (a) to whom were the contracts awarded (b) what was the total value of each of these contracts (c) on what basis were contracts awarded to one contractor rather than another?

Return tabled.

SUBSIDIES—DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Question No. 1,877—**Mr. Robinson:**

1. Does the Department of Indian Affairs and Northern Development provide subsidies and/or support programs for any segment of the economy, groups or individuals inside Canada and, if so, to what extent, in what amounts and to whom are the amounts paid?

2. What amounts have been paid for subsidies and/or support programs during each of the years 1960-68 inclusive?

Return tabled.

INFORMATION OFFICERS ABROAD

Question No. 2,020—**Mr. Coates:**

1. What are the names of information officers and Ministers' councillors (information) serving in Canada's missions outside of Canada?

2. What is the salary and special allowances paid to each and is any part of such special allowances received a non-accountable, tax-free allowance?

3. If so, what is the amount in each instance for the individuals who receive this non-accountable, tax-free allowance and why do they receive same?

4. Were any of the individuals appointed to these positions appointed without their submitting to the normal public service competition procedures that apply to federal government appointments within Canada and, if so, what are the names of the individuals and the reason for the elimination of the normal public service competition procedures?

Return tabled.

ARDA—LAND FOR RECREATIONAL PURPOSES

Question No. 2,191—**Mr. Kaplan:**

How many projects have been commenced since the beginning of 1961 under the provisions of the Agricultural Rehabilitation and Development Act (ARDA) for which the Government of Canada has agreed, among other things, to pay 37½% or more of the cost of acquisition of land to be used for recreational purposes, and where are such projects located or to be located?

Return tabled.

FOOD CONTAMINATION BY DDT

Question No. 2,346—**Mr. Danforth:**

1. What is the tolerance level of the pesticide residue commonly known as DDT as an ingredient in food before it becomes dangerous for human consumption?

2. Has the government been made aware that American authorities have placed a quantity of Cohoe Salmon taken from Lake Michigan under detention as having approached the danger level with regard to DDT impregnation?

3. Can the government state the quantity of fish involved and if contamination was confined to this one species?

4. Has the government, either on its own initiative or in conjunction with the United States, initiated any investigation to ascertain whether all the Great Lakes are contaminated by the chemical residue that could cause a health hazard by contaminating fish used as their food either by humans or animals?

5. Have tests revealed that fish is the only food involved or is there a chemical residue buildup in other foods?

6. Is the chemical residue known as DDT the only potential hazard or are there other chemicals in this category and, if others, what are chemical names and their nomenclature in common usage?

7. How many registered pesticides include DDT as a component part and what are their chemical and common or brand names?

8. Since the responsibility of testing, evaluating and registering of pesticides is the responsibility of the federal government, is there any reassessment underway on the basis of current information re residue hazard?

Return tabled.

NUMBER OF CANADIAN PHYSICIANS

Question No. 2,378—**Mr. Mather:**

1. In each of the last ten years, what has been the total number of physicians graduated by Canadian medical schools?

2. In each of the last ten years, what has been the number of immigrants to Canada whose intended occupation was physician or surgeon?

3. In each of the past ten years, what has been the number of physicians emigrating from Canada to the United States and, of these, how many were Canadian citizens?

4. In each of the past ten years, what has been the net gain or loss of physicians in Canada?

5. In each of the past ten years, what has been the number of physicians who have written the specialty examinations of the Royal College of Physicians and Surgeons of Canada in each specialty and what number have attained specialty qualification in each specialty?

Return tabled.

• (2:20 p.m.)

ORAL QUESTIONS

DOMINION-PROVINCIAL CONFERENCE

REQUEST FOR STATEMENT OF SUBJECTS TO BE DISCUSSED AT JUNE MEETING

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I had hoped the Minister of Finance would be in the house to answer questions which arise from increases in the prime lending rate in the United States. The rates have risen from 7½ per cent to 8 per cent.

May I nevertheless direct a question to the Prime Minister about something else. Does he intend to let parliament see a copy of the agenda for the federal-provincial conference to be held this week? If so, when does he propose to do this?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, with respect to the first question, my hon. friend knows that the Minister of Finance is to be in the house tomorrow. To answer the second part of the question, it has been agreed by the provincial premiers and myself that no part of the conference working papers, notes or agendas will be made public in advance of the conference. So the answer to that question is that the house will not know that.

Mr. Stanfield: A supplementary question, Mr. Speaker. Will the Prime Minister say whether any progress has been made by the ministerial committees on proposals relating to the Senate, the Supreme Court, and the declaration of rights prior to this week's meeting? Or is it the intention of the government, as indicated in some apparently inspired newspaper articles over the weekend, to leave this matter aside and turn to proposals to do with spending power and regional disparity?

Mr. Trudeau: Mr. Speaker, I think the hon. gentleman is wrong in assuming that these were government inspired stories. I did not see them myself, but obviously, we are bound to respect the decision of the provinces made in conjunction with ourselves to keep this a private working session. Therefore to comment on this session would be a breaking of that commitment on behalf of the federal government.

Inquiries of the Ministry

Mr. Stanfield: Mr. Speaker, I have a further supplementary question and I suppose I will receive a similar sort of answer. However, we must continue to ask for information on behalf of parliament and the country. Has the federal proposal on the spending power been circulated among the provinces in order that this proposal be discussed during this week's meeting? Also, will we in parliament be given an opportunity to see this?

Mr. Trudeau: Well, Mr. Speaker, whether parliament will be given an opportunity is a question which is separate from the issue of this week's federal-provincial meeting. If the opposition parties so desire, I would be prepared to consider in the next session of parliament our having a committee on the constitution. Perhaps it could be a joint committee of the House and Senate. That is something we can discuss when the time comes around.

Some hon. Members: Hear, hear.

Mr. Trudeau: This is independent once again of this meeting of the federal-provincial conference.

Mr. Stanfield: Well—

Mr. Speaker: Order, please. Has the hon. member for York South a supplementary?

[*Translation*]

ATTENDANCE OF PREMIERS—OPPOSITION MEMBERS AS OBSERVERS

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I would like to ask the Prime Minister a supplementary question.

Is he assured that the provincial premiers will be at the conference? Secondly, will opposition members be registered as observers and, thirdly, will a debate on the Canadian monetary question be on the agenda?

Right Hon. P. E. Trudeau (Prime Minister): In reply to the first question, Mr. Speaker, I must say we expect all premiers to be present, since they all agreed on the date. Because of elections—those in Manitoba—one premier had asked whether it was possible to change the date, but since too many provinces could not agree on a new date, we agreed on the original date, this week, and I understand that all premiers will attend.

With regard to the second question, Mr. Speaker, every province is free to form its

delegation as it wishes. As far as the federal government is concerned, it does not intend to invite observers. There will be no federal observers at the conference, but some provincial delegations may include members of the opposition. I doubt it very much, but we are not in a position to ascertain the composition of delegations formed by the premiers themselves.

With respect to the third question, Mr. Speaker, the answer is the same as the one I gave to the Leader of the Opposition. The order of the day has not been made public.

[*Later:*]

Mr. Caouette: Mr. Speaker, I would like to ask a question of the Prime Minister.

Following up on the answer he gave me a while ago, the representation at the federal-provincial conference is left to the discretion of the provinces—that is understood—but hon. members do not represent one province in particular, but in effect, I believe, Canada as a whole. The government will be represented but with a view to safeguarding national unity and establishing better understanding between hon. members and the people of Canada, would it not be wise to invite the members of the opposition to attend this conference as observers only, so that all will be aware of what is going on there?

Mr. Trudeau: Mr. Speaker, I think it would be only fair to say that the leader of the Ralliement créditiste has always been a strong advocate of national unity.

Some hon. Members: Hear, hear.

Mr. Trudeau: But the fact remains that under the system by which government operates, it is its role to voice the executive's position and this is what we intend to do at that conference. For the time being, we do not feel any need for the valuable services of the hon. member.

Mr. Caouette: Mr. Speaker, I have a supplementary question.

I wish to thank the Prime Minister for his kind words, but the government is in office and can speak out. As far as I am concerned, I do not ask permission to take the floor at that conference. But the Prime Minister speaks so well that we would like to be there to hear him.

[Mr. Trudeau.]

[*English*]

LABOUR CONDITIONS

INQUIRY AS TO SUMMER EMPLOYMENT FOR STUDENTS

Mr. David Lewis (York South): Mr. Speaker, I should like to direct a question to the Minister of Manpower and Immigration. In view of the consistent reports that thousands of high school and university students are unable to find summer employment, can the minister inform the house whether his department has taken or is developing some special emergency programs to deal with the situation at this time?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Mr. Speaker, I have described to the house and in committee the steps the department has already taken. We do not have any new steps under consideration at the present time that will be in effect this summer.

Mr. Lewis: A supplementary question, Mr. Speaker. In view of the fact the minister's statements to the house have been in reply to questions, although I appreciate he made a fuller statement to the committee, will he undertake to make a full statement to the house as to the program that is in process to assist students looking for summer employment?

Mr. MacEachen: Yes, Mr. Speaker, I will be happy to consider that.

Hon. Robert L. Stanfield (Leader of the Opposition): As a supplementary question, Mr. Speaker, I would like to ask the Minister of Manpower and Immigration whether the advisory committees planned for his department have been established, and whether one of these committees is to be given responsibility with respect to advising his department on the subject of summer employment and student employment generally?

Hon. A. J. MacEachen (Minister of Manpower and Immigration): Mr. Speaker, the Manpower and Immigration Advisory Council and the four subsidiary boards were named last week. It is hoped to have the first meeting on June 25, and at that time it will be possible to lay before the council quite a number of issues on which advice would be very helpful.

Mr. Stanfield: As a further supplementary, Mr. Speaker, may I ask the minister whether he would consider making certain that the appropriate subcommittee is in being and at

work on this matter during the summer so that it can observe the difficulties and assist the department in coming forward with a more constructive program?

Mr. MacEachen: Yes, Mr. Speaker, we have to do that. We expect that the Manpower and Immigration Advisory Council will be able to offer very useful advice, and we do have under consideration within the department and the government further programs that may be possible in future years, but that are not appropriate at the immediate moment.

STUDENT LOANS

EXPANSION OF PROGRAM TO COMPENSATE FOR LACK OF SUMMER EMPLOYMENT

Mr. David Lewis (York South): May I address this question to the Prime Minister? In view of the possibility that many young Canadians may not be able to resume their studies this fall because of the employment situation this summer, will the government in co-operation with the provinces consider expanding its student loan program? Will it also consider reviving the idea of student scholarships that was promulgated by his predecessor some years ago?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Minister of Finance has dealt with this question at various times. I think it might more properly be asked of him, but in a holding way I might say his answer has generally been that we have in the past increased the amount available through loans, so that the amounts available were always sufficient to cover the demands made through the provincial governments to the federal government.

OIL

PRESENTATION OF CANADIAN VIEWS TO U.S. TASK FORCE

Mr. G. W. Baldwin (Peace River): Mr. Speaker, in view of the large and notable list of ministerial truants I am driven to ask the Prime Minister whether the government has filed its views with the task force appointed by the President of the United States with relation to gas and oil imports into that country and, if so, in view of the fact that these submissions will be available for inspection by people in the United States will the Prime Minister agree to table the contents of the submissions made by the government, or at least make them public?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Minister without Portfolio (Mr. Lang) from Saskatchewan, who normally would answer for these affairs, is not a truant. He is not expected in the house today; he is expected in the house tomorrow. Perhaps the question could be asked of him then.

CANADIAN SOVEREIGNTY

POSITION RESPECTING ARCTIC ARCHIPELAGO, CONTINENTAL SHELF AND INTER-ISLAND WATERS

Mr. G. W. Baldwin (Peace River): Mr. Speaker, perhaps I might direct a supplementary question to the Prime Minister's attention. Some time ago he indicated he would be making a statement in the house with regard to the Canadian government's position on our sovereignty over Arctic waters surrounding the islands in the north. May we expect this before the recess, or will the Prime Minister stall long enough so that the house will not be in session when he makes an announcement?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if I stall, it will be until the house is in session again, and that might be some time.

TRADE

WHEAT—RETENTION BY CANADA OF TRADITIONAL MARKETS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. As the admission of Britain into the European Common Market will mean that certain exporting countries will be selling grain in a protected market, has the government developed policies to retain and regain Canada's traditional markets? I am thinking in particular of our market in Britain, and of our loss of sales to China because of sales that were negotiated by France?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, the Department of Agriculture and the Department of Industry, Trade and Commerce obviously have an interest in what would happen if the United Kingdom made application and were accepted into the common market, but it would be impossible to give any details about this matter in answer to a hypothetical question such as this.

Mr. Woolliams: Mr. Speaker, I shall ask the minister a supplementary question, and maybe the Prime Minister would like to

answer it. Has opposition been expressed by the government to Britain's joining the European Common Market, keeping in mind that if it did join it would not be bound to import agricultural products from Canada, and also keeping in mind that France and other nations in the Common Market heavily subsidize their agricultural exports?

Mr. Olson: Mr. Speaker, I am sure it is very clear to the hon. member that the detail he is asking for now is not available with respect to Britain's decision, and with respect to the conditions that the Common Market might impose regarding Britain's entry.

WHEAT—ADDITIONAL TECHNIQUES TO INCREASE EXPORTS—ACTION OF WHEAT BOARD

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, may I direct a further question to the Minister of Agriculture, related to this matter. Are the minister and the government considering other techniques to secure more export sales of grain, such as barter arrangements, acceptance of the currency of the buying nations as part payment, and better and longer term credit arrangements for the purchasing nations?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, the government, and in particular the Minister of Industry, Trade and Commerce, are considering all such things that may be helpful to enhance our international marketing.

Mr. Benjamin: As a supplementary question, Mr. Speaker, in view of the statements made last week by the Minister of Industry, Trade and Commerce about his concern regarding Canada's wheat surplus and the glut of wheat in world markets, is the government taking any action to provide authority and funds for the expansion of the Canadian Wheat Board, in particular its sales facilities and its research into marketing and products?

Mr. Olson: Mr. Speaker, here again I have to give the same answer because it is the one that is most accurate, and that is that many of these things, including the details, are under consideration, and when an announcement is ready it will be made.

Mr. Benjamin: Mr. Speaker, I wish to direct a further supplementary to the Prime Minister. In view of the repeated answers of this same nature that we have had all winter and spring, will the government establish an emergency committee of the cabinet to deal with these proposals and to take action on increasing our export sales?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I don't see any need to follow this suggestion.

GRAIN

ASSISTANCE TO FARMERS TO BUILD STORAGE FACILITIES

Hon. D. S. Harkness (Calgary Centre): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. In view of the fact that a large proportion of the grain storage facilities on western farms is filled with last year's crop, have any plans been formulated to provide assistance to farmers to build more storage facilities, in view of the fact that in two to three months what looks like another big crop will be coming off the land?

Hon. H. A. Olson (Minister of Agriculture): As I have said a number of times in the house, Mr. Speaker, when any further or additional programs of assistance with respect to this difficult market situation are ready we will announce them in the normal way in the house. It may be of some interest to note that while there is a prospect for a good crop in some parts of the prairies, there is also some concern about drought.

WHEAT—REQUEST FOR GOVERNMENT ACTION TO MEET LOWER PRAIRIE INCOME

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, may I direct a question to the Minister of Agriculture. Recognizing the vast energy that he is putting into this matter may we expect him, or one of his colleagues, to announce the government's decision on requests for aid to the western farmer to meet the western farmer's cash problem? May we expect an announcement before the house rises for the summer recess?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I am not exactly sure, but about five or six times since last October the government has made announcements respecting its assistance programs. There many be additional assistance programs decided upon and, as has been indicated, as soon as the policy decisions are taken an announcement will be made in the usual way.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, may I direct a supplementary question to the Minister of Agriculture. In view of

the fact that last week the Minister of Finance forecast a budgetary surplus of $250 million, has the minister made representations to the government in an attempt to divert some of this surplus into an emergency assistance plan for western farmers?

Mr. Speaker: Order, please.

CONSUMER AFFAIRS

BRITISH COLUMBIA—INCREASES IN PRICES OF BEEF AND OTHER COMMODITIES

Mr. Ray Perrault (Burnaby-Seymour): Mr. Speaker, I have a question for the Minister of Consumer and Corporate Affairs. Is the minister in a position to state whether investigators from his department have been able as yet to determine the reason for the substantial increases in the prices of beef and other food commodities which have occurred in recent months in the lower British Columbia mainland area.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): I do not really think I can add anything to what I said in the house Thursday night last. My office is receiving daily reports from British Columbia concerning the situation there. I have asked merchants in the lower mainland area of Vancouver, where there is a labour-management dispute, to exercise restraint, and said that I would name those who do not exercise restraint.

REQUEST FOR APPOINTMENT OF PRICES AND INCOMES COMMISSION MEMBERS

Mr. G. W. Baldwin (Peace River): Mr. Speaker, may I ask the minister whether his investigators have been able to come up with additional names for the prices commission.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): As I have said, I hope to make that announcement very shortly.

INQUIRY AS TO ACTION TO MEET RISE IN PRICE INDEX

Mr. James A. McGrath (St. John's East): Mr. Speaker, can the minister tell the house what steps his department is taking to deal with the rise in the consumer price index as forecast by the Dominion Bureau of Statistics, indicating another rise for May.

Mr. Speaker: I suggest to the hon. member that he is asking for a statement of a very general nature which I suggest should be made on motions.

Inquiries of the Ministry

KENNEDY ROUND—PASSING ON OF LOWER PRICES TO CONSUMERS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, a few days ago the Minister of Consumer and Corporate Affairs was asked about the technique or method by which the consumer would be assured of any reduction in prices resulting from tariff reduction under the Kennedy Round. His answer then was that he was unable to give an answer. Did he himself thereafter tell the press outside the doors of this place that he did not want to say what the government would do, as he wanted to announce it in a speech in Vancouver.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Well, Mr. Speaker, I am sorry if the right hon. gentleman feels he has been scooped.

Mr. Diefenbaker: Parliament has been scooped.

Mr. Basford: As I said in the house the other day, I hope to make an announcement on this matter shortly, and I hope it is an announcement the right hon. gentleman will be able to agree with because I know he, as a fellow westerner, is as anxious as I am to see the policy of liberalization of trade carried forward as fast as possible.

Mr. Diefenbaker: It is not I who will be scooped. I should like to ask the minister whether he thinks that scooping parliament is in accordance with the responsibility of a minister.

Mr. Basford: No, but I think Vancouver is an extremely important place also.

Mr. Speaker: Order, please.

AGRICULTURE

DAIRY INDUSTRY—REPRESENTATIONS FROM BRITISH COLUMBIA OPPOSING FILLED MILK SALES

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I have a question for the Minister of Agriculture. Has the minister received representations from the Mainland Dairymen's Association of British Columbia opposing the legalization of the sale of filled milk or imitation milk on the ground that it would destroy the dairy industry on the west coast? If so, what is the position of the government with regard to this matter?

Inquiries of the Ministry

Hon. H. A. Olson (Minister of Agriculture): We have received representations from the organization named and from many other organizations respecting filled milk and modified milk. There have been some meetings and there will be further meetings between the federal and provincial authorities involved in the matter. I am sure the hon. lady realizes that the prohibition or sale of some of these products lies exclusively within provincial jurisdiction.

Mrs. MacInnis: Mr. Speaker, may I ask the minister whether he would be willing to make a statement on this matter before the house rises?

Mr. Olson: Mr. Speaker, I would be willing to make a statement at any time when there is an agreement between both levels of government concerning the approach to this matter. As soon as that agreement has been reached, and I hope it will be soon, I would be willing to make a statement on motions, but I cannot give an undertaking at this time that it will be done before the house rises later this month.

CANADIAN BROADCASTING CORPORATION

"DON MESSER'S JUBILEE"—REQUEST FOR PROGRAM REINSTATEMENT

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I should like to direct a question to the Secretary of State for Canada. Did he have an opportunity to hear and see the attractive and very entertaining opening concert of the Don Messer's Jubilee farewell tour at the Capital Theatre on Sunday, June 8 and, if so, will he use his good offices to urge upon the officials of the C.B.C. the desirability of reinstating on the national television network as soon as possible this outstanding group of talented Canadian musicians and performers.

Mr. Speaker: Order, please.

INQUIRY OF THE MINISTRY

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, this question is for the Prime Minister. Due to the fact that four ministers are not here today, on a day they should be here to carry out their responsibilities, will the Prime Minister arrange that this matter be placed on the agenda of the Liberal caucus think-in to be held this month.

[Mrs. MacInnis (Vancouver-Kingsway).]

POST OFFICE DEPARTMENT

VANCOUVER—DISSATISFACTION OF LETTER CARRIERS WITH FIVE DAY DELIVERY

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, this question is addressed to the Postmaster General. In the light of further spontaneous sit-downs by letter carriers, this time in Vancouver at Station "D" and in west Vancouver, can the minister advise what is being done to mitigate the obvious dissatisfaction of the letter carriers with the five day delivery procedures.

Mr. Speaker: Order, please. I suggest the hon. member is merely repeating a question he has already asked on a number of occasions, including last week.

Mr. Macquarrie: The strike has been repeated, sir.

ZONING IN METROPOLITAN AREAS—NATIONAL CODE

Mr. R. N. Thompson (Red Deer): Mr. Speaker, is it possible to ask a supplementary to a disallowed question?

Mr. Speaker: Hardly; but the hon. member may ask a related question.

Mr. Thompson: Mr. Speaker, my question is related. I should like to ask the Postmaster General whether he intends to clarify government policy regarding the zoning of major metropolitan areas in Canada, to eliminate the present confusion in large corporations which depend upon their mail.

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): Mr. Speaker, there is no need whatsoever for any confusion. What has happened is simply that the zones which presently exist shall remain. We expect and hope that all business firms will use them. In the meantime, as part of an interim study made by one of the task forces, we find there is a possibility of having a national code for all Canada, which would make it much more feasible for us to automate the entire post office.

Therefore in order to judge the feasibility and economics of a national code, while we are making a judgment we have preferred not to continue with additional zoning in other municipalities such as Vancouver, because this would then—

Mr. Speaker: Order, please.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, would the minister advise if automation will proceed to the extent of dispensing with the office of the Postmaster General.

Mr. Kierans: I would enjoy it.

FINANCE

REQUEST FOR GRANT BY UNITED BLACK FRONT

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, this question is directed to the Minister of National Health and Welfare. I welcome him back from God's country. As a direct result of his visit, particularly to the Dartmouth area, and following discussions both in Nova Scotia and with the Black United Front, does he propose to make any particular recommendation to his colleague the Minister of Regional Economic Expansion.

Mr. Speaker: Order, please. I suggest the question is not in order. The hon. member is asking the minister whether he intends to make representations to another minister. The question may not be asked in this way.

Mr. Forrestall: Mr. Speaker, if I may rephrase the question I would ask the minister whether he contemplates any action as a result of his visit to the area of Dartmouth.

Hon. John C. Munro (Minister of National Health and Welfare): Yes, Mr. Speaker. I can advise the hon. member that my colleague the Secretary of State and myself and our respective departments are getting together with regard to the details of a grant that will be of assistance to the Black United Front.

NATIONAL DEFENCE

ROYAL CANADIAN LEGION BRIEF RECOMMENDING NEWFOUNDLAND PERMANENT FORCE

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, this question is for the Prime Minister. Could the Prime Minister indicate whether he has received a comprehensive brief from the provincial command of the Royal Canadian Legion in Newfoundland recommending a permanent force for that area, and if so would he indicate his response.

Mr. Speaker: I think the question is of a type that should be placed on the order paper, unless there is a matter of urgency involved.

Mr. Lundrigan: Mr. Speaker, may I ask a supplementary question?

Mr. Speaker: Order, please. The hon. member might consider asking another question, because I have suggested the question he has asked could not be answered at the present time. The hon. member may wish to ask a related question.

Mr. Lundrigan: Mr. Speaker, as a related question, may I ask either the Prime Minister or the Minister of National Defence to make a statement on motions in the very near future to indicate the exact extent of Russian activity off the coast of Newfoundland, and relate this to the matter of a defence force for that area.

VETERANS AFFAIRS

SPEECH OF CANADIAN AMBASSADOR AT D-DAY COMMEMORATION CEREMONY

Hon. D. S. Harkness (Calgary Centre): Mr. Speaker, I have a question for the Prime Minister. Will he table a copy of the speech made by the Canadian Ambassador to France on Friday last, in connection with the D-Day celebrations in Normandy. I have a considerable number of questions in regard to this matter which I should like to direct to the Secretary of State for External Affairs as soon as he returns to the house, but I think it would be advisable first to have a copy of the speech.

[*Translation*]

Mr. Jean-Pierre Goyer (Parliamentary Secretary to the Secretary of State for External Affairs): Mr. Speaker, this will be done tomorrow.

[*English*]

FLOODS

TRAIL, B.C.—REQUEST FOR SHARED COST CONTROL PROGRAM

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I would like to direct a question to the Minister of Public Works. In view of the recent disastrous flood in the Trail area, will the Department of Public Works assist in a shared cost program with the provincial government for flood control work on the creek which caused the trouble?

Mr. Speaker: Order, please. Perhaps the question might be placed on the order paper.

Inquiries of the Ministry

HIGHWAY SAFETY

TIRES—INACCURACY IN ADVERTISING CLAIMS

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I have a question for the Minister of Consumer and Corporate Affairs. Given the serious implications of this matter, may I ask the minister whether his officials are investigating advertising claims misrepresenting the safety performance capabilities of automobile tires which obviously involve serious hazards to life and safety, and if so, would he indicate the results of this investigation?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): I am quite sure they are, Mr. Speaker, although I am not personally familiar with the situation. I will check into it.

IMMIGRATION

REQUIREMENTS OF U.S. CITIZENS ENTERING CANADA

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I have a question for the Minister of Manpower and Immigration. Is it new immigration policy that American citizens desiring to emigrate to Canada must first have a certificate of essential employment, or a work permit, from the Canadian government manpower services before such an immigrant application can be considered?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Mr. Speaker, the regulations apply to American citizens who want to be landed immigrants in Canada in exactly the same way as they do to all other immigrants. There is no special treatment of Americans, or special requirements in respect of them.

Mr. Thompson: A supplementary question, Mr. Speaker. Has a new regulation been implemented in recent weeks in regard to this matter, or do the original regulations apply?

Mr. MacEachen: There is no new regulation, Mr. Speaker.

PUBLIC WORKS

ST. BONIFACE, MAN.—FEDERAL FUNDS FOR ENGINEERING STUDY

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Public Works. Has the federal government reached an agreement with the City of St. Boniface under which certain federal money will be made available for important engineering studies in that city, and will the minister say whether an announcement about this matter will be made at an early date?

Mr. Speaker: Order, please. I do not know whether this is a matter of urgency. The way the hon. member has asked the question leaves some doubt in my mind.

Mr. Knowles (Winnipeg North Centre): May I try my hand at rephrasing it, Mr. Speaker? Will the Minister of Public Works be making an early announcement which might affect the employment situation in greater Winnipeg?

Hon. Arthur Laing (Minister of Public Works): Mr. Speaker, I have had constant representations from the member of parliament for St. Boniface in connection with protection work at the river bank. There is responsibility to a degree there because it is a navigable stream, and I think it is accepted that some of the erosion is caused by the shipping that uses it. I will look into the matter, and hope to make a decision shortly.

GRAIN

WHEAT—REDUCTION IN CAR LOADINGS

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I would like to ask the Minister of Agriculture a question in the absence of the Minister of Industry, Trade and Commerce. In view of the fact that the latest figures from the Dominion Bureau of Statistics and the Canadian Wheat Board show some four thousand fewer carloads of wheat loaded as of May 21, compared with the same time last year, would the minister make representation to the Wheat Board and the railways with a view to having this situation rectified; and would he advise the house as quickly as he can when we will catch up on the number of cars loaded, compared with the same period last year?

Hon. H. A. Olson (Minister of Agriculture): I can get that information, Mr. Speaker, but I am sure the hon. member realizes that the total number of cars loaded has to be equal to and cannot be in excess of the total amount exported, and the space created by that export.

GOVERNMENT ORDERS

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, June 3, consideration of the motion of Hon. E. J. Benson (Minister of Finance) that this house approves in general the budgetary policy of the government.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I am glad to see that the Minister of Finance (Mr. Benson) has been let into school, not just excused from school, and is now here to respond to criticisms and comments made in respect of the budget. It is highly proper that he should be here to discuss the question of interest rates and the statement he is supposed to have made. I do not know how the Prime Minister (Mr. Trudeau) arrives at priorities as to where information should be given, but it seems to me this is another attempt to disregard completely the rights and prerogatives of this house. Government announcements and policies are being made before the television camera or in Calgary, Vancouver, wherever a minister may be at the particular time and wherever he thinks he will make the most political kudos.

Last Tuesday night we were discussing the budget. At first blush it is, of course, rather difficult to see all the detail of the budget. I was in no different position this year from the immediate past when I looked at the budget in order to comment upon the detail of it. I will say to start with that the minister indicated this was to be an anti-inflationary budget. I suppose we are expected to join him in three cheers because the government has finally recognized that inflation is one of the worst problems we face. There has been passing reference to inflation. The minister's predecessor used to rather pooh-pooh it, and then in 1967 came into the house with great tales of woe with regard to inflation and the evils thereof.

If the minister feels that having now given a budget message it is incumbent upon the government to deal with the problem of inflation, I say to him and members of this house that he has missed the mark entirely, because I do not think this budget deals adequately with the question of inflation. The minister did not say anything with regard to interest rates except that they were unfortunately high. Interest rates, including those which the government has to pay, are constantly climbing. I would refer hon. members to the weekly bulletins of the Bank of Canada. I need not go into detail about these because I do not want to take up time beyond what I think is reasonable in this limited debate to put on the record in chapter and verse all the vagaries of interest rates in so far as they affect the government.

Today it is absolutely essential that the minister be here because it was announced in the United States—the minister always indicates when interest rates in Canada are discussed that we are affected by those of the United States, and of course we are—that the prime rate in New York would be advanced to 8½ per cent, a rise of 1 per cent. The minister should be here to indicate to the house the result of the conference he had with his officials consequent upon that announcement this morning.

Mr. Benson: I am here.

Mr. Lambert (Edmonton West): A great to-do was made last week in the house about the rise in the prime rate to 7¾ per cent by one of Canada's chartered banks. Are we now to expect that the rate of the Bank of Canada will be further increased and that the chartered banks will have to follow suit and we will see a prime rate of 8½ per cent? If there is to be a prime rate on commercial loans of 8½ per cent, are we going to see 10 per cent on housing mortgages within the next quarter? These are the points that we have to discuss and this is what the minister should talk about in the house this afternoon.

• (3:00 p.m.)

The minister also did not give any indication in his budget speech with regard to the level of government expenditures, although there is some information with regard to that in the budget white papers. There has been much self-praise by the government because of the surplus. I have also read a transcript of the minister's performance on a certain television program which followed his budgetary presentation in which he indicated that the government has taken care of the problem. He said that the government has taken care of the problem of inflation to the extent of taking out of the economy some $11 billion, which is a great deal. There are the additional taxes imposed by last October's budget, as a result of which almost $1 billion more will be taken out of the gross national product.

The minister was faced with an expenditure increase of some $880 million. Actually,

his budgetary deficit amounted to some $735 million. He was aiming at a budgetary surplus on March 30, 1970, of $5 million. Now he says that we are going to have a net revenue of about $250 million to $275 million, give or take a few millions. I quite readily understand that a variation of a fraction of 1 percent in the estimation of revenues can produce quite a few millions of dollars; therefore I will not pin the minister down to the exact million dollars. But in effect, if there is no downturn in the economy between now and March 31, 1970, we may expect to see an extra $1 billion brought into the federal coffers as a result of those tax increases. Since 1965 we have had nothing but a succession of tax increases. If we want to see why, we only have to look at the expenditure side.

I should like to quote some figures from National Finances, 1968-69, issued by the Canadian Tax Foundation, table 20 as it appears at page 15. According to the table, in 1963 the total expenditures of the federal government were $6,570 million. That year there was a budgetary deficit of $691.6 million. The revenues amounted to $5,878.7 million. In 1969 the expenditure forecast was $10,780 million. We have to go a little higher than that because the total of the main and supplementary estimates A and B for 1968-69 turns out to be $10,823 million. The revenues in 1969 were $10,105 million, again on an estimates basis. The estimated deficit was $675 million. The revenues were higher because the added 2 per cent social development tax yielded some $55 million to $65 million in the balance of that fiscal year. Therefore the actual deficit on the basis of the predictions for 1969 was about $735 million.

What are the estimates for this year? When a man deals with his expenses and sees he just cannot meet them, either he goes to his boss and says "I would like a pay increase so that I can meet my expenses", or he takes the other alternative and cuts his expenses. The Minister of Finance did both of those things. He went to the country and proposed to tax the people an extra $1 billion. He did not cut his expenses. His thinking was to increase expenditures by $880 million and thereby have total estimates of some $11,858 million.

The other night the minister made a few minor changes. He will give the taxpayers a little bit of sugar to coat the very bitter pills which they have to take by saying, "all right, you can bring in some extra goods when you go travelling after I have hit you with an additional tax on the ticket you will buy". The minister lets us bring in from the United States or from other countries abroad the equivalent of $100 more in goods that will be duty free. You are not allowed to bring in cigarettes or tobacco or an unexpended bottle of liquor duty free but you are allowed some little things up to $5 every time you flip down to the United States for 48 hours, and it will cost us about $25 million in order to give the taxpayer that tiny crumb.

All I say is that the government has continued to tax up to the level of its expenditures, and that is where I say that the government of Canada, being the senior government and the senior participant alongside the provincial or municipal governments, is setting the wrong example in taking some 35 per cent of the gross national product every year. All it does is to say that it is going to increase its expenditures and the taxpayer will just have to take it in the neck.

Of course the minister is interested in maintaining inflation. Why? Because of the nature of our income tax, both corporate and personal. As wages and profits go up in inflated dollars, the minister's stake is that much higher. The continual increase in revenues is not in real dollars. This year we saw a new cost of living index based on 1961 at 100 points, according to which we are already up to a little over 125 points, a shameful state of affairs especially for people with fixed incomes or pensions. What people who have put aside money in the form of insurance policies or annuities for their dependants have saved was frittered away last year at an increased rate of 3.9 points. Since 1963 the cost of living has continued to increase by an average of about 3½ to 4 points. That is a shameful situation. The government has blithely ignored it and is not doing anything about it in this budget.

In order to assist the house I will read the motion which I wish to put to the house, but I also have a number of remarks to make on the various proposals. However, I will read my motion first.

[*Translation*]

I move, seconded by my colleague the hon. member for Calgary Centre (Mr. Harkness):

That all the words after "house" be struck out and the following substituted therefor:

"regrets the continuing inability of the government to curb the relentless increase in the cost of living since 1965, while increasing the hardship on the unemployed, the poor, pensioners, farmers and other victims of the just society."

[*English*]

I have here in English and in French the appropriate number of copies.

I am told that in the interpretation my colleague who seconds my motion was misnamed. He is the hon. member for Calgary Centre (Mr. Harkness), not Calgary South (Mr. Mahoney). I apologize if there was any confusion. Do you wish to put the question, Mr. Speaker?

• (3:10 p.m.)

Mr. Speaker: Perhaps the hon. member should continue his speech, because the moment I put the question he may find some difficulty in pursuing his remarks.

Mr. Lambert (Edmonton West): Thank you, Mr. Speaker. Now we look to see whether this government has been handling its finances in the proper way and whether the country believes it is dealing effectively with the problem of inflation. I would say its record is so appalling that even the government's own political supporters will not give it their approval. The Canadian Institute of Public Opinion reported during the first week of June that only 24 per cent of the Canadian population approve of the way the government is managing the economy. This is in contrast to the situation in other years, in 1959, for example, when less than a third of the population—31 per cent—expressed dissatisfaction with the government in this respect.

In both Ontario and the west only 28 per cent are satisfied with the government's feeble attempts to control inflation. What is more, this lack of approval extends most strongly to the very province from which the government is supposed to derive its strongest support, that is,

[*Translation*]

the province of Quebec, where 17 per cent of the people have been consulted and, according to them, the government now has satisfactory control over the economy.

[*English*]

The remainder, 83 per cent, fail to join the great shouts of joy which government backbenchers have been raising both here and in the country for the Minister of Finance. Liberals outside the house are almost equally divided between those approving of the government's action and those disapproving. And there is another 27 per cent who are obviously ashamed of the performance but who content themselves with saying they have no opinion. Only 37 per cent of all Liberals approve the action of their government in managing the economy.

Now let us look at something which was not affected by this budget except to the extent that it continues, namely, the 2 per cent social development tax imposed on October 22 last. This tax has been attacked as being regressive. I do not intend to comment upon the decision of the house when it approved the last budget, but in any event this tax is regressive for two reasons. First, we shall continue to protest about the ceiling provision. It would have been open to the minister to remove that provision at the present time. I intend to show that had he done so he could have raised a further $100 million on the basis of the estimates of income and that he could have left us alone with regard to other taxes. The maximum $120 payment makes the effective tax rate lower for those with incomes above the cut-off point. The cut-off level ranges from $7,100 for single persons to $10,500 for a family of more than seven persons. For a family of four, the cut-off is $8,700—the level the Prime Minister (Mr. Trudeau) was thinking of when he said they did not want to discourage people, that is, over $10,000.

It is odd that though the social development tax, in other words, medicare, sets the income ceiling for a family of four at $8,700—in other words, they are paying maximum tax at that level—one is not entitled to buy a house under the National Housing Act if one's income is below $8,000. This shows the inconsistency in the thinking of the government. The impression has been given that the cut-off point is reached at an income of $10,000. This sounds good, but on the basis of the figures I have been able to examine the cut-off point really comes at about $8,500. Yet, as I say, $8,000 is the figure below which the average family cannot buy a new N.H.A. house with the maximum term of repayment and under the most advantageous conditions.

This tax is still regressive. If it were extended through the removal of the ceiling, incidence would rise as income increased, assuming increasing ability to pay. After all, income tax is applied on the basis that the more you earn the higher the rates. Some people say this discourages incentive, but that is another argument. What we have is a system based on progressive income tax. This is a social development tax—medicare, and, I

suppose some other things the government may have in mind.

Nevertheless, as I say, we are still paying 2 per cent, subject to the ceiling and the tax is therefore not progressive to that extent. I am told, on the basis of the best statistics we have, that the take from the social development tax would be up by $100 million if the ceiling were removed. This is the figure arrived at on the basis of the 1964-65 statistics. In any event, the minister indicated in October that his take from the social development tax in the first year would be some $440 million. He told us his projections were a little low and that he would likely get about $450 million. Removing the ceiling from the tax would raise the social development tax take by 25 or 30 per cent, and the increase would then amount to about 18 per cent of the total take. This step was open to the minister and it would have been most welcome to the house generally; I do not think he would have experienced any difficulty in proposing an amendment to the Income Tax Act which would have removed the ceiling from the social development tax.

Let us recall what he did say in his budget presentation. First, there was the deferral of the capital cost allowance on commercial buildings. My reaction to this was simply bearing in mind that it would apply only to centres of 50,000 or more, largely in the provinces of Ontario, British Columbia and Alberta, some 19 cities in all—why knock success on the head? This is precisely what the minister is doing. There is the idea that it is desirable to help areas of slow growth, areas which are less advantaged economically than others. But this is not done by taking the more successful areas and cutting them down to size, as it were. These are the areas which must provide not only the political but the financial muscle which allows us to assist areas in need of some assistance. After all, why tell cities like Calgary and Edmonton: we propose to hold you down because we need capital, materials and labour in some other cities in eastern Canada, or even in some centres in the province of Alberta? There is not one iota of economic justification for making a similar type of investment in the areas the minister has in mind. For one thing, they lack the necessary population.

Then again, does the minister propose to take money, materials and men out of Edmonton, for example, and send them up to one of the less favoured areas of our province, of which Alberta has many, regrettably? Perhaps the Minister of Regional Economic Expansion (Mr. Marchand) believes that along with the Department of Manpower and Immigration he can say to people, simply because they happen to have a social security number: you are going to move 125 miles because we plan to inject capital into a certain area for construction and so on. I do not think the people of Canada are prepared to accept such a situation. Yet this is implicit in some of the thinking which gave rise to this proposal to restrict the growth of certain areas.

[Mr. Lambert (Edmonton West).]

• (3:20 p.m.)

Having said that, I am nevertheless pleased to see the acceptance of the principle that problems can be attacked regionally without using a national weapon such as a tight money policy to dampen the ardour in certain overheated economies. The broad sweep of such a policy usually accentuates such problems in areas of slow growth and hardly affects the areas that are really active. As a result, the ills in some areas, such as in the maritimes, are compounded. The infusion of tight money into the economic policy of the country has a greater impact in the maritime provinces, say, than in central Ontario. By the same token, you get far more results with a policy of economic stimulation in central Ontario than you would in Gaspé. I cite those two regions merely as examples.

What is going to happen as a result of this deferral? I say that its effect will be difficult to evaluate. We have had some contradictory reports both from the west and from Ontario. We have heard the mayors of the cities of Calgary and Edmonton denounce this proposal, quite rightly so because I think it is wrong to use this type of policy to discriminate against cities. The president of the Canadian Construction Association has also commented on the proposal.

Let us look at the effect of the deferral in Ontario. I say that in 1969 the impact will be very modest. We are already into June and a large volume of existing commitments is already being fulfilled and projects started. I do think there will be a great deal of uncertainty in this situation. For one thing, the minister has yet to define just what will be the cut-off point, whether a new building should be regarded as a commitment or as a completion. I should like to know what is going to be the precise point at which the deferral of depreciation will apply in a given project.

Many commercial projects are more sensitive to interest changes and to the anticipated future cost of construction than they are to

the depreciation penalty. In the majority of cities this penalty is going to have practically no impact at all in 1970. After all, building costs went up almost 11 per cent last year. When I say costs, construction wages and salaries went up 11.2 per cent on average last year, from 9.1 per cent the year before.

Since there appears to be no prospect of the situation easing, and with building materials prices also on the rise, how can we expect a developer to defer construction for two years? Because that is what the minister wants him to do. Developers will find that the longer they wait the more their costs will go up. Interest on the additional capital that would be required to meet this higher cost would far exceed the cost to them of deferring depreciation for two years. Developers know what a project is going to cost them now and therefore they are going to go ahead.

In addition, it is mere delusion to say to developers in Calgary and Edmonton, where there is a shortage of good office space, "Defer your projects for two years and we will thereby reduce inflationary pressure". With the increasing scarcity of prime office space, rents on new leases and on renewals must go up in order to reflect market conditions. Therefore, what the minister suggests is a deflationary move, on the one hand, will be more than countered by the inflationary pressure on increased rents. And remember, Mr. Speaker, that these increased rents will be on longer term leases. Therefore I cannot see the wisdom of this move at all.

Let us look at the proportion of construction that is going to be affected. I suggest that in Ontario the proportion will be minute. It is estimated that investments in new commercial buildings, machinery and equipment used in commercial enterprises in Ontario will rise by between $140 million and $150 million in 1969, or roughly 24 to 25 per cent. The total outlay in the area in question as affected by the federal budget change is estimated as follows: In 1968 construction was estimated at $279.7 million and machinery and equipment at $306.7 million, for a total of $586.4 million. As for the stated intentions for 1969, construction is estimated to be $368.2 million and machinery and equipment $361.4 million, for a total of $729.6 million. In percentage figures there is a 24.4 per cent increase, a dollar difference of about $143 million.

In am told that 45 new jobs are the result of $1 million worth of construction activity in Ontario. So the increase in construction activity to which I have referred will produce close to 1,400 extra man-years of employment. Machinery and equipment purchases will probably be less job intensive because of the greater reliance on imports in this category of goods. If we assume about 30 jobs per $1 million of outlay for machinery and equipment, the employment gain for this year amounts to 550 jobs. Combining these two approximate estimates, we get a total employment gain of roughly 1,950 man-years during the year.

The increases in investment in this area of activity are high when compared to the change in expected total investment, including government departments, of 15.5 per cent with a monetary value of $856 million. If we assume that the maximum area of vulnerability of the Ontario economy to the new budgetary measures is the growth in investment in commercial facilities—that is, the $143 million and 1,950 jobs—then this should be measured against the anticipated total growth in 1969 investment of $846 million. The vulnerability on the employment side should be measured against the present low levels of unemployment in the province.

I have a table indicating that the effect of this proposal in Ontario will be minute. In fact, in Ontario, British Columbia and Alberta the amount of commercial construction compared with total construction, including residential and institutional, is so small relatively that this measure is going to have no impact in so far as controlling inflation is concerned. The minister has moved to attack the problem of inflation, but his proposal affects but a small part of construction activity. Therefore I suggest it does not do the job properly.

It should also be noted that an investor has the right to delay taking advantage of depreciation allowances for up to five years, so that the new provisions are not going to affect those companies which would normally have waived the right to claim depreciation within the first two years of operation. Therefore many companies, frankly, could not care less because they will not be claiming depreciation in any event. Why say, then, that you are going to defer depreciation on commercial buildings if that depreciation will not be used? That is an additional reason for my saying that this particular move will not have the results the minister would like it to have.

The Budget—Hon. M. Lambert

• (3:30 p.m.)

Another question must be considered. In Calgary and Edmonton multiple-type buildings are in the process of being put up or in the works on an ever-increasing scale. For instance, you may have a shopping plaza or arcade surmounted by four or five floors of parking space and 12 or 15 floors of apartments. How is the construction of that type of building to be resolved? I suppose arbitrary figures will be imposed on those individuals developing such buildings. But until the minister is able to announce precisely how those individuals are to handle such projects, there will be uncertainty. I have indicated that if certain types of commercial buildings are restricted, those buildings will become scarce, and that will induce higher rents. We will have to watch this deferred depreciation very carefully. If there is a downturn in 1970, or if the indices indicate, shall we say, that a certain softness will develop in the economy by 1970, the minister will have to be in a position to move quickly and reverse the trend he may have induced by this proposal. On reflection, frankly, I cannot see that this proposal will have a great impact.

Let us deal with the proposed tariff changes, Mr. Speaker. Here again I think the minister indicated that the move toward tariff cuts was a good move. I think everyone in this house agrees that we ought to move toward more liberalized trade terms and that our tariffs ought to come down. Support for this idea was indicated in our support of the Kennedy Round negotiations. The principal feature of the Kennedy Round negotiations was that although Canada and other countries agreed to move toward lower tariffs, this would be done gradually in order to eliminate economic shock in many areas. The minister indicated that as of last June 4 all the cuts that were proposed to be effective by 1972 were already in effect.

There are many industries in this country, and they are not all in Ontario. The minister said he was doing what he was doing in order to take off the heat in Ontario. After all, 50 per cent of Canada's manufacturing industry is sited in Ontario, and it is in that province that the heat is to be taken off. In other words, the heat is to be turned down in the economy. Yet so far as deferred depreciation is concerned, the province of Quebec was not included, and Quebec is the second largest manufacturing province in the country. I do not know what its percentage of the total may be, but it is very considerable. Quebec will be affected very definitely by the Kennedy Round proposals. But it was said that the economy of that province did not require to be dampened down by the measures affecting capital cost allowances. There is a conflict of thinking on both sides so far as Quebec is concerned. There is no consistency in the thinking in this regard. I am not blaming Quebec for having escaped; I merely think that the government has adopted the wrong type of approach with regard to building construction. The people of Quebec may be thankful for their good fortune in not having been picked up, so to speak.

I wish to make some observations about the proposed tariff changes. First of all a solemn assurance was given to Canadian producers that the tariff cuts introduced under the Kennedy Round would be gradual. I remember the minister's predecessor as well as officials emphasizing that there would be a gradual rate of reduction so that people would not get hurt and would have time to adjust and make changes with regard to production facilities, labour supply or material supply. This was emphasized. Of course there have been few claims on the fund set up by the government and on ancillary facilities because of the gradual nature of the change-over. The minister cannot say now, on the basis of the last 18 months' experience under the Kennedy Round, "We anticipate nothing will happen." He cannot say, "These things move up one notch or in some cases two notches as soon as we go into the Kennedy Round. But if we bring in all the rest, nothing is going to happen."

I say to the minister that any producer faced with a long term wage agreement in which there are included escalation clauses or faced with a long term material supply agreement which may again involve escalation clauses is not in that flexible position of being able suddenly to lower prices as a result of that foreign competition which the minister hopes will come about. The minister said Canadian producers are going to have to sharpen their pencils. Apparently we are to bring in goods from the United States, Britain, the common market and elsewhere, and Canadian manufacturers, especially those in Ontario, will have to lower their prices and so contribute to the containment of inflation. I would feel a great deal more satisfied if the minister had not contradicted himself in his budget speech. He indicated in it that the consumer price index in the United States had increased at a greater rate than that index had increased in Canada. One of the

major problems the United States faces today is inflation, but they are fighting a war in Viet Nam and we are not.

It was also indicated that in Britain, Germany and the Common Market countries costs have increased more rapidly than in Canada. Well, Mr. Speaker, if the consumer price index of our trading partners abroad is rising more rapidly than our price index, how does the minister expect goods being produced in those foreign countries at ever-increasing costs to come into this country at lower prices under the Kennedy Round and cause our manufacturers and producers in Canda to lower their prices? It just does not work that way. The minister's theory is all right in the long run, provided there is some price stability in foreign countries manufacturing goods which are to come to Canada. Those goods could serve as a spur to the production of cheaper goods here. But the minister cannot entertain such ideas and to that extent there is an element of doubt as to how effective the minister's proposal may be.

• (3:40 p.m.)

I will defer to another occasion the examination in greater detail of these proposed tariff cuts. When the legislation is introduced, we will discuss their effect in particular detail in respect of the average cut and the movements one way or another, what goods are primarily affected, etc.

The minister, both in the house and outside, made much of the tax increases that he or the administration had put in effect to siphon off inflationary funds. He also said that bank credit was being made much tougher by the fact the Bank of Canada is really putting on the screws with regard to secondary reserves, thus forcing the banks to pick up far more treasury bills and thereby keeping down any attempt to lower interest rates.

My view is that the minister is trying to contain inflation of the so-called traditional pattern, which does not exist, by means which are designed to deal with inflation as it exists today. The standard of inflation is too few goods being chased by too many dollars. It is normal to have too many people wanting to buy too few goods thereby causing increased prices. Housing has its own peculiarities because of restrictions as to the type of housing being dependent upon income. In the consumer market today there is a shortage of particular types of goods. Too many people are rushing around trying to buy the limited supply of goods, thereby forcing up the price. This is what occurs in wartime.

In wartime it is determined that certain goods shall not be produced in order that production may be devoted to war purposes or certain commodities with more essential purposes. The manufacturing of such items as refrigerators, washing machines and deep-freezers is cut off. Let the market forces play and you will see a vast increase in the price of those goods. The answer to that has been heavy taxation and forced lending in order to siphon off the additional revenues. This is what the minister is trying to do. Is the minister suggesting by taking an extra $100 million out of the economy through additional taxation over the last year, and this is the net effect of the tax proposals—

Mr. Benson: A thousand.

Mr. Lambert (Edmonton West): A $1,000 million or $1 billion—that by doing so there is a lessened demand for goods and services to the extent of $1 billion? What is going to happen? Goods will accumulate on the market and people will not be hired. This, frankly, is a policy to encourage a certain degree of unemployment simply by non-production or under employment of the goods and assets now used. That is all there is to it.

In addition to taxation, the Bank of Canada has been forcing the chartered banks into a policy of tight money. The minister approved of increasing interest rates. Is the minister going to speak tomorrow as he spoke on Friday with regard to the increase of the prime rate of one of our chartered banks? The minister in effect said that high interest rates help to fight inflation; they are anti-inflationary. That is the way the minister is reported. They discourage people from borrowing. We will, of course, expect the minister to approve of the increase of the prime rate to 8½ per cent or 9 per cent. I trust the minister will correct the impression, but that is the way he is quoted in part. He is quoted in part as saying that the increase in the prime rate of a chartered bank is in effect an anti-inflationary tool that will discourage people from borrowing and therefore they will not spend. I cannot see that, Mr. Speaker.

Is the minister's answer to inflation idle plants, idle hands or fewer occupied, less wages, unemployment or under-employment? Is that what the answer is going to be? The provinces also have reacted to this continuing use of the surtax and the social development

tax. They too seek additional funds, but the minister is being very careful to block off a certain source of funds.

Last week we also discussed income tax and the social development tax for the purpose of medicare. We were told the social development tax will take care of all the costs to individuals in the provinces that sign up with regard to medical care. The money they now pay to M.S.I., P.S.I. or some other program will now be paid to the Minister of Finance. There will be a limit of $120. A number of the provinces, including my own province of Alberta, have now set fees. As of July 1, a single person will begin to pay $60. A married person with a family will pay $120. Medicare allegedly was brought in to relieve the effects of medical expenses above the 3 per cent which is not allowed, in other words, the crushing burden of heavy medical expenses.

There is a joker in all this, Mr. Speaker, because Bill C-191 which was passed last week denies the inclusion in the exemptions in the medical income tax form of all other medical expenses paid by publicly administered medical care plans. A man with $500 medical expenses in excess of the 3 per cent not allowed him by the Income Tax Act used to be able to claim this amount at the marginal rate of income tax. Now he will not be able to claim the $120 that he pays in the social development tax. He could not claim what he paid to M.S.I., but everything M.S.I. paid on his behalf was figured in the schedule of medical expenses. It is very simple to figure out that an individual faced with heavy medical expenses will now lose under medicare compared with a plan such as M.S.I. He will lose the benefit of the deduction he was permitted by the Income Tax Act at his marginal rates.

• (3:50 p.m.)

If an individual had permitted medical expenses over the 3 per cent of, say, $400, and his marginal rate of tax was 25 per cent, that is, 25 per cent on the last thousand of income that was brought into calculation, he would gain $100 thereby. He paid his $120 to M.S.I. and he got back an exemption of $100 from taxable income. Now of course he is going to pay $120 to medicare and he does not get back his $100 exemption. Therefore there is this additional cost to the taxpayer under medicare. This was carefully concealed, Mr. Speaker.

[Mr. Lambert (Edmonton West).]

Many of my colleagues want to speak on this measure but before concluding, I wish to speak about the nature of the minister's forecast surplus. He claims a surplus of $250 million. How is that made up this year? It is helped by $275 million of windfall payments on the speed-up of corporation income tax which will not be there next year. If the minister is to continue his pattern of expenditures he will have to provide additional taxes to make up the $275 million which will not be there next year.

My colleagues will be speaking about the customs tax changes with regard to incoming passengers, the air ticket tax on travel in and out of Canada, and other matters. I have already read to Your Honour and the house the amendment I have prepared, and I now formally move, seconded by the hon. member for Calgary Centre (Mr. Harkness):

That all the words after "House" be struck out and the following substituted therefor:

"regrets the continuing inability of the government to curb the relentless increase in the cost of living since 1965, while increasing the hardship on the unemployed, the poor, pensioners, farmers, and other victims of the 'just society'."

Mr. Max Saltsman (Waterloo): Mr. Speaker, this budget will further aggravate the problems of unemployment and regional development. It neglects the tremendous, immediate problems facing the western farmers. It gives no indication of major federal initiatives which require urgent attention. And, finally, there are no measures to deal with Canada's eroding economic and political independence.

A huge budgetary surplus is a false and artificial priority for any government to seek. Problems and the spending necessary to solve them are only postponed to another day. Hospitals and many other health services, housing, education, pensions, and pollution are but a few of the areas where people are denied the goods and services they badly need.

In fact the budget perpetuates the present situation in which 20 per cent to 25 per cent of the Canadian population live in degrading conditions of poverty. The budget is of no inspiration to Canadians except to those small numbers in the high income bracket who thrive on the present tax system.

To use a restrictive economic policy in an effort to curb inflation, much of it the result of our link with the United States, will result in increased unemployment and economic decline without being an effective curb on the rise in prices. In effect the Minister of Finance (Mr. Benson) is giving us more of the

same treatment of last year, treatment that did not work last year, treatment that gave us the worst of both worlds, higher unemployment and higher prices. There is no indication that his remedy will be any more effective now than it was then. It will certainly leave us much worse off than before.

As if the regressive 2 per cent social development tax introduced in the October budget was not sufficient, the minister has increased personal income taxes again by continuing the 3 per cent surtax which had been due to expire at the end of this year. This is not a budget in which taxes are not being increased. There is a definite increase in taxes because the minister is not permitting the 3 per cent surtax to expire.

The minister's predecessor in his November 30, 1967, budget first proposed a 5 per cent surtax on individual income taxes only, a measure which was subsequently defeated in the house on February 19, 1968. A subsequent bill passed on March 15 introduced a basic 3 per cent surtax on personal income and corporation profits, which was to expire on December 31, 1969. Thus the minister has increased taxes by continuing the basic 3 per cent surtax until the end of 1970. This is expected to bring in budgetary revenues of some $25 million in the current year, and approximately $155 million in the next fiscal year. Of the $155 million approximately $115 million is assessed on a personal income tax and the remaining $40 million on corporations. Thus the basic, regressive nature of our tax system, which penalizes those who earn salaries and wages, is continued in the present budget.

I would like to say a word about the Kennedy Round measures. The minister seems to take great satisfaction in advancing the date of removal of tariffs. The immediate removal of these tariffs, while it is marginally a good step, will not do very much to correct the basic problems of inefficiency in Canada. In some cases the Economic Council studies on the level of effective protection afforded by the Canadian tariffs, before and after the Kennedy Round changes, showed that the change in the level of protection would be very minor. Some effective tariffs rise; some fall; some stay the same. Most of the tariff cuts relate to producer or intermediate goods rather than consumer or final goods, and there is no indication that these tariff cuts will result in benefits to Canadian consumers.

On looking over the schedule of tariff cuts one notices that many of them reflect no change at all. There is one outstanding item here. In effect the minister has continued the tariff schedule on important items like walking sticks and walking canes of all kinds. The tariff schedule is now identical with what it was previously. One finds that many things which all along have been free on tariff are continued on a free basis. I think it is unfair and misleading for the minister to try to indicate that he is making substantial changes in the tariff structure of the country.

More importantly, the Kennedy Round reductions do little regarding the rationalization and structure of the branch plant nature of the Canadian economy. They do not tackle the question of multi-national corporations and international pricing policy by these corporations. I think the minister had an opportunity to bring in measures that would encourage the rationalization that would end the efficiency of our industry as a method of reducing consumer prices.

The minister's attitude toward interest rates is most disturbing, as is his attitude toward the capital needs of the government. He has announced that the federal government will sharply reduce its demands on the domestic capital market this year. Ottawa will have to raise $200 million to $300 million over the balance of the year compared with $721 million last year. This reflects the restrictive nature of the budget. On a larger basis it also reflects the inability of public bodies, federal, provincial and municipal, to raise necessary capital for public use from Canadian money markets. The present tax system is biased toward equity rather than portfolio or bond investment. And because of rising interest rates the pay-off for government bonds is even less attractive. Competition for savings is pulling money out of the federal government's Canada Savings Bonds at a record rate.

• (4:00 p.m.)

In spite of this the government has allowed and in fact encouraged the private sector to increase its expenditures and its access to the money markets in Canada, the very same money markets in which the federal and other governments compete for the same funds. In addition, the minister has introduced legislation which will increase the capital authorization of trust and loan companies, thus giving them greater access to Canada's money market. Newspapers state that he is tying his hands and inhibiting the ability of governments in Canada to get money at reasonable rates. A recent newspaper report

states that the Canadian government has restricted its entry into the money market and that Canadian businesses have done the opposite, borrowing more than the three government levels combined and almost doubling their amount of financing from the similar period a year ago.

I submit, Mr. Speaker, that at a time when there is pressure on us and a need for belt tightening, if we accept the concept that everyone must do his part in exercising restraint, why must it always be the public sector that is called upon to do this? Why is the private sector encouraged to do virtually as it pleases? This is not an act of responsible government. It is an abdication of the government's responsibilities. It is an abdication of its responsibility to ensure that the needs of the people are satisfied through public expenditures. While the minister gets out of borrowing, others rush in to take up the slack with the result that nothing really has changed. The same pressures exist and the same problems perpetuate themselves.

There has been a slight indication that the minister is aware of this problem. For the first time he has brought in a measure of selective depreciation whereby for the first two years on certain kinds of construction depreciation will not be allowed. While the principle is good and one which for a long time we have advocated the government should introduce, we have pointed out that the general levers of economic direction are no longer adequate for the times in which we live and that you cannot really control or manage the economy with fiscal and monetary policy alone. Selective measures are required.

In speech after speech in this house we have pointed out that while we are not able to meet our needs for hospitals, roads, schools and so on, office buildings are erected across the country, and we have called upon the minister to take some action. I must say the kind of thing he has decided to do is disappointing because it will not work. It is unrealistic. Even the minister admitted that it would be of marginal benefit when he was asked this question on television the other day. I hope I am summing it up fairly accurately. He said there are occasions when it might influence some people. I have had an opportunity to discuss the question of selective depreciation with various groups of people who have building plans. None of them indicated that they intend to defer any of their plans. If the minister had been serious about this there were ways in which he could have brought in a selective investment policy. But he was not really serious. He just wanted to point out that he understood the problem or knew something about it and was going to make a gesture in the direction of the problem. Certainly nothing of any significance can come from the selective depreciation that has been introduced.

We have been critical of this budget for many reasons. We think the minister has misunderstood the state of the economy and has placed excessive emphasis on the question of inflation to the detriment of other requirements of the country. He seems to show very little concern for the problems of employment growth or for the problems facing agriculture. We would like to say, we hope in a constructive way, something about the things this budget should have contained and some of the things about which the budget should have been concerned.

One of the major items is the question of agriculture because agriculture today is in a crisis condition. I come from one of the most highly industrialized areas of Canada, the area of Waterloo. I want to say something about how important agriculture is to our country. When the people who come from the farm areas outline the problems in respect of agriculture it is more or less taken for granted that as the spokesmen for these areas they must do this. I think it is important, however, for us from the industrialized areas to be concerned about the difficulties which face the farmers in this country. Industry, and the people who live with industry, owe a debt of gratitude to agriculture, one that should not be forgotten.

At this time agriculture is at a turning point. Unprecedented dangers face the industry. This is not something that will go away next year or the year after. Agriculture has always had its problems but this is worse than hail, drought, the box car shortages we hear so much about, or the dampness or price of wheat. The farmer today confronts the greatest crisis of his life. All that he has worked for may turn to nought. His years of toil and continued reinvestment may be lost. Nor will it be the western farmer alone who will be hurt. The desperate search for alternatives to grain will challenge the farmers of eastern Ontario within a short time, adding new difficulties to the many already existing farm problems of eastern agriculture.

What has the budget to say about this? Absolutely nothing. We ask how is it possible

for a government to be so oblivious to the heartaches of the prairie people. How short-sighted can they be? If the farmer goes, a livelihood on the prairies goes with him. Perhaps the government's policy is to let nature take its course and let the farmer go broke. If so, let the government say this. At least it would be more honest than its present policy. The government, by its indifference, seems to be proposing a solution of a kind, the solution of the grave. In the past we have had too many solutions of this kind and the country is strewn with and haunted by the ghosts of that neglect. Will the government later try to revive the corpse with industrial incentives, paying as they seem to be willing to pay up to $1 million in order to create 33 jobs? How much better and decent it would be to provide help now. It would certainly be much cheaper and far more effective.

It seems to us that two kinds of assistance are needed. The first is immediate cash payments to the farmer to keep him and his community going. The second is long term programs which would take into account heavy capital losses in the farm community. The farmer is not asking for special treatment, nor are we. After all, the government is willing to help industry which is hurt by the Kennedy Round changes through assistance programs. Is the farmer less entitled, particularly when he has reason to believe that industry has benefited at his expense?

The government must do something about interest rates. The cavalier attitude of the Minister of Finance the other day, when answering a question by the hon. member for York South (Mr. Lewis), is really to be condemned. Interest rates are rising fantastically in this country and yet the minister's attitude seems to be that it is a good thing to let interest rates rise because it holds down inflation. Surely that myth has been exploded a long time ago. Interest rates have a great effect on employment. A real attempt must be made to do something about them.

During the debate on the Bank Act we stood up in the house and pointed out the difficulties that would arise if the interest ceiling were removed from bank loans. At the time the argument was: You cannot do this to the banks and let the other institutions off scot-free. We asked that the federal government seek a meeting with the provinces to point out the difficulty and take some acion in bringing all financial institutions under an interest rate program.

• (4:10 p.m.)

No one is naïve enough to believe that we can simply dictate whatever interest rate we desire or can hold back the dike on rising international interest rates. But it seems to us that, while recognizing some of the limitations involved in the pricing of money, we can do a number of things which should be done. Whatever the defects of the ceiling may have been, at least it acted to restrain a rapid rise in interest rates. An attempt must now be made to place some control on interest rates.

We believe that Canada is being challenged today as it has never been challenged before. We think there are great dangers to our economy. There is the danger of our being taken over by continentalism. We are gradually being absorbed into the industrial structure of the United States without having any say whether this is where we want our future to go. There are inequalities in this country between the rich and the poor. There are shoddy values—a value system that says we can put more chrome on cars but we cannot build more houses, a value system wherein we spend more on soap and deodorant advertising than we do on correcting the pollution of our air and waters with which Canadians must live. There is a great gap between what we are doing and our potential.

Inflation is a great danger. It creates problems but surely it also creates opportunities. I suggest that at this time we have the opportunity to increase the productivity of this country. Our greatest hope of reducing the inflationary forces and containing price rises must surely lie in the direction of improving the efficiency and productivity of our industry. We have spoken on this subject many times.

One would have thought the minister would take the opportunity provided by this budget to do something about the problem. It is the presence of a danger that stimulates people to take action that they might otherwise not have taken. Instead, the minister has given us a budget which is a stagnant wasteland of squandered opportunity. It is a budget in which we have no confidence, a budget that I hope will be defeated. Therefore, Mr. Speaker, I move, seconded by the hon. member for Comox-Alberni (Mr. Barnett), the following subamendment:

That the amendment be amended by adding at the end thereof the following words:

"and its failure to assist these people by granting relief from income tax to all single persons with incomes below $2,000 a year and all married persons with incomes below $4,000 a year".

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I greatly deplore the fact that the Minister of Finance is the only one occupying his seat and that very few Liberal members are present, when we are debating a budget that we did not expect a few months back and that was presented to us on June 3 last.

We are now considering a sub-amendment to the amendment to the main motion, stating that the government should exempt from income tax all single persons whose annual income is less than $2,000 and all married persons whose yearly income is less than $4,000.

We shall certainly support this motion which aims to help the low-income people. As a matter of fact, the Ralliement créditiste has for many years been suggesting that the annual income of single people that is less than $3,000 and that of married people that is less than $5,000 should not be taxed.

Besides, members of parliament enjoy these exemptions on the portion of their income that goes for expenditures, and no one seems to complain about it. Even the ministers are entitled to an expense account which is tax free.

• (4:20 p.m.)

We are going to support the amendment moved by the hon. member for Edmonton West (Mr. Lambert) which reads as follows:

—regrets the continuing inability of the government to curb the relentless increase in the cost of living since 1965, while increasing the hardship on the unemployed, the poor, the pensioners, the farmers, and other victims of the "just society".

These are good grounds. This is a logical and true argument. However, when the Conservatives were in power, what did they do to rectify a similar situation? And today what is suggested to fight efficiently against the cost of living increase?

The minister does not know what to do because generally speaking, his budget speech the other night, was nothing but a poultice on a wooden leg.

I saw the government members applaud when the minister said: We will continue to levy the 3 per cent surtax until the end of 1970. They applauded the minister because he will keep a tax the small wage-earners can no longer pay.

[Mr. Saltsman.]

But the government has no solution, and they tell us about the problem saying: We are faced with inflation. But we have been hearing the minister say that for 10, 15, 20 years now. There is no magic solution. We are not economists; yet week after week, month after month, session after session, we hear the same idle stories and the Minister of Finance tells us he is powerless in that area.

Mr. Speaker, what does the budget boil down to? First of all, to an increase in the interest charges on the debt, which means that we will pay more interest on the debt than we have ever paid; the figures are there to prove it. If you look under the heading of all government expenditures, you will see that the interest charges amounted to $817 million in 1961, $1,147 million in 1964-65 and $2,102 million in 1968-69, and a fairly high increase is predicted for 1969-70.

Where federal government expenditures alone are concerned, interest charges on the debt in 1968-69 cost $1,479 million and of course, this year, the Minister of Finance will have to redeem government bonds that were put on the market and bought by the Bank of Canada.

Then the government went to the chartered banks for loans because they can, according to the law passed here by parliament, multiply government bonds by 14. And the government, the Minister of Finance, like a good little boy, on his knees, flat on his face before the system, borrows at higher interest rates to pay bonds sold perhaps 5, 10, or 15 years ago.

That will add to the interest charges on the debt this year. Besides, the minister says so in his budget: We will pay more on the national debt.

The minister has not opposed this increase in the interest, but the government, the Canadian people will have to pay for it, in the long run and they cannot afford it.

The minister has no answer to provide. He says: we do not perform miracles. As if miracles were needed to tidy up Canada's finances. As if miracles were needed to make wealth available to the Canadians. No indeed, it is scarcity we are making available to the Canadians and nothing else.

Mr. Speaker, according to the budget, interest charges on the debt will go up.

Then, the minister tells us there will be no further taxes. As for the 3 per cent temporary surtax, which was to end in December 1969,

it seems that it will be with us until December 1970. Does the minister have the cheek to pretend that this is not an increase in taxes? Indeed it is and the surtax which was supposed to be a temporary one will become permanent.

I say at this stage to the Minister of Finance and to the government that this surtax will never be abolished and that should it be removed, it will be replaced by another tax which will become permanent. That is mere window-dressing and the people are being fooled that way.

The minister says there will be no tax increase. In his budget, he says airplane tickets will be taxed. This means passengers will have to pay more for their airplane tickets as well as people using air carriers to ship goods. There are no tax increases, no, but there are increases in airplane tickets.

The minister states on the other hand that customs duties will be abolished on certain goods imported from the United States. I know that this measure will perhaps help the wholesalers and the retailers, but will the minister really reach the consumer? Can he guarantee that the consumer will pay less?

The customs duties are to be removed to enable the Canadian industry to compete with other industries. But since when can the Canadian industry compete with the American industry? The United States have a population of 200 million and when they produce, for instance, 150 million television sets while Canada produces perhaps 10 million sets, can we say that we can produce at the same cost as the United States? We must, of course, be logical and honest and let the truth be known. With such methods, the Canadian industry will face such competition that, in a few months, we will perhaps see an increasing number of industries closing, employees being laid off and unemployment growing. That is the prospect put before us by the Minister of Finance.

Mr. Speaker, instead of abolishing the customs duties imports, which deprives the government of revenue, the minister should have used those customs duties to subsidize the small Canadian industries in order to enable them to reduce their costs and to compete effectively with the Americans and the other countries. By so doing, the government would have made a positive move. Instead, it did nothing but worsen the situation of these industries.

It seems to me that the government would have acted more logically if it had kept the revenues coming from such duties because, as I mentioned a while ago, the customs duties now bring in $760 million to the government. As for what will be exempted from duties, let us suppose that it is a matter of $200, $250 or $300 millions, that could have helped the small Canadian industry to survive, and not to wind up, as seems the government purpose at the present time.

• (4:30 p.m.)

In other fields, the minister tells us that from now on tourists will be allowed to bring back from the United States $100 worth of goods instead of $75. However, not all Canadians spend 48 hours in the United States. Members of Parliament, businessmen, those who have decent positions can go. But can the unemployed, the poor, the sick, the disabled visit the United States and avail themselves of the right to bring back $100 worth of goods after a 48-hour stay? Most Canadians have never set foot in the United States and probably never will.

Mr. Speaker, I would have thought that the government would have announced in the construction field, for instance, the removal of the 11 and 12 per cent tax. But no! The government says: We cannot change the income tax or the taxation system. It looks as if taxes are not increased but they are really.

This afternoon I asked the Prime Minister (Mr. Trudeau) if some opposition members would be invited as observers to the conference to be held in Ottawa on June 11 and to which the provincial premiers and the Prime Minister of Canada will meet to discuss the Canadian constitution and determine if the provinces are entitled to more revenue and to taxation adjustments more satisfactory than those existing at the present time. So, Mr. Speaker, there will be cultural exchanges and talks in the finance field. The provinces will tell us, as asual, that they lack the necessary powers and that Ottawa should impose more taxes in order to distribute the proceeds among the provinces. It would be a kind of national UNESCO. There is the international UNESCO for exchanges in the art field and so on. This would be a UNESCO in the national taxation field, but not with the same meaning as the international UNESCO. My interpretation of a national UNESCO is as follows: Union naturelle des essoufflés sociaux avec les cocos officiels (Natural Union of Social Windbags and Official Eggheads). That will be their UNESCO. That is the kind of people who will have a meeting in Ottawa two days from today.

We already know the results. The federal government will say: We cannot afford to give you more, so if you need more money, take your responsibilities and impose your own new taxes; you know where to go: in the taxpayer's pocket. The provincial representatives will go gack home in poor shape, and the results of the conference will be exactly the same as in the past.

Mr. Speaker, there is another point which the Minister of Finance strongly underlined, saying that: the sums granted to date to the rich provinces of Canada, that is British Columbia, Alberta and Ontario, will be decreased so as to stimulate the construction of public buildings in the underdeveloped provinces. Which means there are seven underdeveloped provinces and three are economically sound.

I must point out that among those three provinces, two have been under Créditiste administration for a number of years: Alberta for 33 years and British Columbia for 18.

Now, because those provinces were lucky to have efficient administrators, they will be penalized by being asked to help the deprived provinces, while there are opportunities to improve the conditions in every province without taking anything away from any of them. But the government does not have the necessary means to act and most of all it does not want to assume its obligations and responsibilities.

Mr. Speaker, this brings me to speak about economic matters. On May 22 last, the Ralliement créditiste introduced in the house a motion which read as follows:

> That, in the opinion of the house, the government has failed to take adequate measures in order to give Canadians the benefit of a policy of distribution of goods and services which would allow each citizen to obtain his share of Canadian abundance.

Mr. Speaker, it seems to me the motion is logical, not demagogic but realistic. To debate the motion, the government called upon two ministers who evidently could not praise Social Credit and, in fact, did not do it.

The Minister of Regional Economic Expansion (Mr. Marchand) said he was not an economist, and that I was not one either. It is obvious that I am not an economist, in the present system, to try to distribute scarcity opposite abundance, and the scarce thing is money. However, I say that the Minister of Regional Economic Expansion, who says he is not an economist, has nonetheless pointed out to the house that the Créditistes are inspired by the Holy Ghost, know magic solutions, and everything was repeated by the Postmaster General and Minister of Communications (Mr. Kierans) who is an economist, but in the system which lies in the distribution of scarce money in an abundance of goods and services.

I shall quote first the Minister of Regional Economic Expansion who said: I congratulate the hon. member for Témiscamingue for having attracted the attention of the province and the country for 25 years with the same speech. It is quite a feat.

Mr. Speaker, why have I made the same speech? Because we have been faced with the same problems for 25 years. I should like to point out to the Minister of Regional Economic Expansion that he has also delivered the same speech for 25 years, although he has been singing a different tune these past years. For 25 years, while he was a union leader in the province of Quebec, the Minister of Regional Economic Expansion made the very same speech on every occasion, lashing all Canadian and Quebec politicians for being rotten. He repeated the same thing time and again.

I regret that the minister is not in the house. Today, he is making another speech because he is on the other side of the fence. Today, he is not so eager to encourage, to assist unions. He finds them unreasonable, while for 25 years he spent his time stirring up employees against employers. The minister was a professional strike organizer in the province of Quebec. In 1949, when workers' blood was shed at Asbestos, in the province of Quebec, the Minister of Regional Economic Expansion was responsible for it.

• (4:40 p.m.)

The minister was then speaking to workers, rousing them against employers. The minister should know that I never wanted to indulge in demagogy, which consists in rousing social classes one against another. I never did that, no matter who were involved, Noranda or Asbestos' miners, farmers, settlers, white collars, professionals, industrialists or merchants. The minister, who spent most of his life rousing employees against employers, social classes one against another, in the province of Quebec, for many years, is aware of that.

Today, he has other ideas. For many years, the minister was an avowed socialist in the province of Quebec, because all political parties and all politicians were rotten. Today, the minister is among the rotten politicians and he no longer speaks in the same way.

Mr. Speaker, for 25 years, he has tried to have some political influence. All the power and influence the Minister of Regional Economic Expansion has, he got them when he was accepted into the Liberal party and appointed to the cabinet; the same is true of the Secretary of State (Mr. Pelletier). As a matter of fact, they were called the three doves in the province of Quebec.

The three doves are now leading the Liberal party by the nose. Some people do not agree at all with such ideas but they blindly accept them nonetheless, because partisanship wants it so. The hell with one's country when the party must be saved. It will be saved at all costs and by all means. The end justifies the means.

Mr. Speaker, we are not that sort of people and I repeat that it is not through demagogy that we gain victories in the province of Quebec. The Minister of Regional Economic Expansion said that we are always making the same speech, that we always pity the poor; he then recognized that there are poor people and that their fate deserves our attention, and so forth.

Anyway, Mr. Speaker, the minister should know that we do not stir up the poor against the rich. We stir up the poor against governments' injustices and not against the rich. We are sure of one thing: a millionaire does not keep his millions in a corner of his bedroom; he invests them in a country or in a province because he wants them to bring in a return. Then, he sets up new industries, hires manpower, fights against unemployment much more efficiently that this government and that of the province of Quebec. We must not exterminate millionaires, Mr. Speaker. We need more of them to provide employment, to promote industrial development, agriculture and so forth. We should not crush them to serve the purposes of a government which more and more becomes th slave of a barbaric financial system disrespectful to the human being.

Mr. Speaker, the minister said that the Social Credit doctrine has never been implemented anywhere, thus, he concludes that it is no good.

I know that the Social Credit doctrine has never been implemented anywhere. However, we all know that things are also going badly everywhere. We all know that problems are of a financial nature.

I went to India last winter, in January, 12,000 miles away from Canada. I met the vice-president as well as the Speaker, hon. Mr. Ready. I asked them frankly: What is your No. 1 problem? Is it a problem of production? They answered: No. Then I asked: is it a problem of population? They said: Yes. We have too many people. Why? Because you do not produce enough goods? Exactly, we do not produce enough.

There exists a problem of production, I agree with that. However, Mr. Speaker, their main problem is of a financial nature, it is a monetary problem. Everybody talks about it.

What about England. What is the major problem there? Money. They are not trying anything new, but retain the present system. Therefore, they do not solve their problems which are persistent.

It has been clearly established that in many regions of India, four crops are grown each year. But the Indian people are not used to growing four crops a year. They are content with one or two and after that, they wait. They do not manage to get the third or the fourth.

I realized that instead of controlling birth, or sterilizing men, India should adopt an educational system to teach the Indians how to work, how to produce. There is enough space in India to feed at least five times the present population.

The real problem is not a problem of population but one of working habits. In that regard, I agree with the Postmaster General and Minister of Communications who says that we must work.

Yes, we must work, we know that. And the Creditistes know it. The Creditistes work differently from the Postmaster General and Minister of Communications to inform the public. We reach the public and the Postmaster General, the Minister of Communications and economist and former president of the Montreal Stock Exchange, former leader of the Montreal loan sharks—I greet him, for he is in his place—knows that what I say is true.

The Postmaster General and Minister of Communications said: Those who become Créditistes have no education, they are lumber-jacks, they come from the backwoods, from Abitibi and Lac Saint-Jean. He even went to Chicoutimi to give the Creditistes a blast.

There is another minister, Mr. Speaker, who is not enlightened by the Holy Spirit, nor by any spirit, for that matter. The light has gone out as for the Minister of Regional Economic Expansion.

However, before pursuing my remarks about the Postmaster General and Minister of Communications I want to say a few more words about the Minister of Regional Economic Expansion. He said, for example:

Naturally, when guilelessly or guilefully a man starts making capital of peoples' misery, he soon knows the sweet taste of success.

That is exactly what he did all the time he was a labour leader in the province of Quebec. He was not that successful. At that time, he would have liked to be a politician but the workers rejected him as such.

And the minister went on:

Whether he is a Socialist, a Communist or a Créditiste, when he addresses a crowd, a group of people who are hungry, of people who are poor and when he tells them: "They should solve your problem, give you more money," I know of no speaker with a modicum of talent who will not be applauded.

It is not applause we are after, and the minister knows that. Neither is it a magic formula but a system which consists in taking the products now existing in Canada—not the potential, the uranium, the forest or water resources to be developed in 25 years from now—but what we have now which is the outcome of the labours of the Canadian people.

The Postmaster General and Minister of Communications is well aware that production is the outcome of labour. Somebody had to work to obtain that production. Whether it be man, machine, science, progress, it does not matter: somewhere a certain amount of work was done.

We are not asking for people to sit idle waiting for a national dividend. That is not what we are asking for, but a national dividend based on existing products. And this is what the minister fails to understand.

It would not be a national dividend taken from someone's pocket to be put into the pocket of someone else, because that would be socialism. What we want is a balance between the purchasing power of the people and existing production, and nothing else.

The Minister of Regional Economic Expansion said, and I quote:

That is why he is generally—

Meaning me.

—against trade-unionism which precisely seeks to ensure a better distribution of wealth.

The minister has been saying that for 30 years. Where is that better distribution of wealth?

[Mr. Caouette.]

And the minister went on:

Will miracles happen?—

—through the legislation that has just been submitted to us in parliament.

I am sure that the problem will not be settled once and for all. I know, however, that there will be less people in hardship conditions. How many? I do not know.

When? I do not know. Why? I do not know.

• (4:50 p.m.)

—I am not a magician, like the people of the Ralliement Créditiste. I have not found the philosopher's stone or any magic formula, I have no direct communication with the Holy Ghost.

Apparently, he does not even have any connection with intelligence, because his statement is rather embarrassing even for his colleagues.

I am simply trying, within the economic, social and political structures which I know, to help the people whom I represent.

Let us recall how he helped them, in the last election, by promising to refit the famous ship *New Liskeard* in the Lauzon dockyards, in order to get votes in Lauzon and in his constituency. The day after the election everything was forgotten.

The same thing could be said about the Canadian Vickers in Montreal. What is he doing about it? Absolutely nothing. When he is asked to establish a merchant marine, Mr. Speaker, the minister is lost in conjecture. He is at a loss what to do. A commission is being set up to determine whether a merchant marine would be economical in Canada.

Mr. Speaker, those are a few quotations from the speech the Minister of Regional Economic Expansion made in the house on May 22 last, when he lashed at the Ralliement Créditiste. He said, in conclusion, that the legislation is not administered by angels, and I quote:

That is true. We know that many people are poor. We are eager to fight poverty—

Instead of fighting poverty, they fight the poor.

—but as a human institution, we are, unfortunately, no match for angels.

To put finance at the service of Canadians, only angels could do such a thing. The present government is unable to do anything in that field. And those statements were confirmed by those of the Postmaster General and Minister of Communications, who said:

That is no longer economics, Mr. Speaker,

—Social Credit—

—is sheer madness.

Sheer madness! And he goes on:

In other words, our country is overflowing with raw materials—

Everybody knows that, including the minister.

—and energy resources, and our agricultural potential is tremendous. All those riches serve to guarantee the value of this new money.

On that point, the minister is entirely mistaken as always. It is not at all what the Ralliement Créditiste said. They advocate the establishment of a sound monetary system, not based on potential, but on production.

And the minister added: What would we do with the unsold uranium? What would we do with the unsold farm products? With the wheat we have not sold? What would we do with all our unsold products?

Mr. Speaker, the first thing to do with all the unsold production should be to feed the Canadian people. Let us consider that first of all, instead of sales abroad. Of course, we have a foreign customers to supply but when we ask for an increase in income, the minister says: Money would lose its value.

Money would lose its value if we took it in the pockets of the people to redistribute it, to increase the price of goods. If wages and prices of materials are increased, surely, that would increase prices twofold, threefold, fourfold or fivefold, as is the case under the present system. The minister is aware that it is not Social Credit that raises the cost of living now, but the monkey system which he defends so ably, so boldly and so arrogantly when he talks to businessmen, professionals and social clubs.

Somebody should bring water to the minister, he needs it, it is time.

Mr. Speaker, the minister said:

Free credit, whatever its objective, will always bring about destruction of property.

We are now wiping out property. Social Credit is not doing it, it is the present system. The minister is aware of it. If we want to build a federal public building, a highway, a school, a hospital, under the present system, on account of the interest rates, we have to pay for three hospitals to have one: one for us and two for the financing charges. How far will the minister go in this direction? We are living in a money debt system.

I previously quoted as an example the case of the Jacques-Cartier bridge, in Montreal, and I shall quote it again. The original cost of this bridge was $18 million. Well, so far we have paid $20 million in interests only, and we still owe $14 million. The Secretary of State said to me once: yes, but the hon. member does not take into account the fact that, thanks to the Jacques Cartier bridge, goods have been carried from the south shore to the north shore. Everybody knows that, but if with the $20 million paid as interest a second bridge had been built, the minister must admit that twice the same quantity of goods could have been carried and we would have had two bridges instead of only one. We have already paid for this bridge twice and we still owe enough for a third one. Yet, the minister thinks that there is logic in that, that this way of doing things is intelligent.

I wish to come back to this point: the Ralliement créditiste has never suggested that credit be printed without consideration. I challenge the minister to find such words in any of my speeches. But I did say that the monetary system should be balanced according to what the people are able to produce. There was no question of raising prices and thereby creating more inflation. Let the minister tell us, on the occasion of a forthcoming speech, that to create new credit through the Bank of Canada will in no way bring about an increase in the price of goods. Distributed as a national dividend based on production among all Canadian citizens, it will increase their purchasing power without adding to prices. Indeed, when do the prices increase? The minister should tell us one of these days.

We can increase the Canadian consumers' pruchasing power without creating inflation by always keeping in mind the statistics on Canadian production and increasing the purchasing power independently from the wages earned. It is in such a way that we will succeed in fighting inflation, not with silly plans like those outlined in this house by the minister when he says that the Créditiste doctrine is nonsense. It is easy to say that the Créditistes are crackpots, that they are not educated. In the field of economics, however, I think that within the present framework of the financial system providing for the administration of a country with borrowed money created entirely by a few individuals, the minister is proving that he is not too well informed either. He is not really an economist of scarcity amidst wealth. There are in Canada such economists who inform governments, advise the Prime Minister and the provinces, and who are lost in a fog. Yes.

Their heads are in the clouds, their feet on the moon and they do not understand a thing. Why? Because they are asked to reason according to the system.

Let us administer the taxes which we can levy. It is the system which the Postmaster General and Minister of Communications knows so well. He added:

Bertrand de Jouvenel recalls an Armenian proverb—

The minister is well-educated!

—which says: "The earth is like a pot and man is like a spoon in that pot." And the hon. member for Temiscamingue (Mr. Caouette) goes further and says: "We will give you bread." Mind you, not work, but bread.

There is an abundance of bread, but Canadians go without it. Is it more stupid to distribute bread than to let it become stale and say like the minister: Well, what you need is work.

Let the minister rise, with the other minister who attacked Social Credit. Let them give work to the unemployed in Montreal! That is what they want. Presently, they are not given any and they are told: Too bad, but we are in trouble, there is an inflation crisis. Does it mean we must let goods deteriorate in stores, bread grow mouldy and the unemployed tighten their belts? Evey budget harps on the same string. As far as work is concerned, we cannot offer them any. There are no jobs for the unemployed in Canada.

Mr. Speaker, what solution is proposed? It is said that the Créditistes state: You will give bread and not work. The minister says, and I quote:

[*English*]

Mr. Deputy Speaker: Order, please. I am sorry to interrupt the hon. member but his time has expired.

Some hon. Members: Continue.

Mr. Deputy Speaker: Is there unanimous consent for the hon. member to continue?

Some hon. Members: Agreed.

[*Translation*]

Mr. Caouette: Mr. Speaker, I wish to thank my colleagues from both sides of the house for always being so kind to me, but I think what I am saying is of interest to them. Even the minister is happy for I caused the scales to fall from his eyes so that he will see things more clearly and refrain from saying all kinds of silly things with respect to Social Credit as he often does, because I sincerely believe that the Postmaster General and Minister of Communications is an intelligent man and that, should he take the trouble to study what Social Credit is, he would have been a Créditiste for a long time now and would have left the ranks of Canada's financial sharks. It is hard—I do not ask the Holy Ghost to descend upon him—but I ask him to use his judgment before embarking on a course of action or making a statement.

The minister said, and I quote:

Socialists and Communists are more honest than that; they recognize at least the value of work, and agree that the fundamental principle on which every society must rest must be some sort of reward proportionate to the effort, to the initiative and to the economic contribution of the individual.

Are there people who refuse to contribute to the economic expansion of their country? All the people I know, who are getting welfare benefits, are eager to find a job, which would allow them to earn $5,000 or $6,000 a year, instead of receiving allowances of $125, $130 or $135 a month, to take care of the needs of a family of five or six dependents at home. Those people would like to work. Does the minister give them work? No. They are told that things are not going well. We must wait for the economy to pick up again.

In the meantime, taxes are increased, we talk about welfare. All those who receive welfare benefits in Canada would gladly contribute to increase the Canadian production, were they given the means to achieve that, and were they paid to do it, instead of being paid for doing nothing. Indeed, if one of them is caught working, he is deprived of his benetfis.

If he works and makes $100 a month, he may lose his $150 monthly welfare allowance. Obviously, this man will not be anxious to go to work.

However, most Canadians want to work. We, Créditistes, know that work is necessary, but work is not the purpose of a national economy. The purpose of the economy, in Canada as in any country, Pope Pius XI described it in 1931. The Postmaster General and Minister of Communications, who is a Catholic as I am—at least he is a Christian—should understand that. Pius XI said that economics will be soundly established and will reach its true objective, only when it gives to all—not only to the Grits, the Tories, the Créditistes and the supporters of the NDP party—to everyone his share of the goods nature and industry can provide. That share should be sufficient to insure to each and everyone at

least a reasonable well-being. He did not say to rob the rich for the good of the poor, but to "insure to each and everyone at least a reasonable well-being".

The minister understands that. However, he wants to pretend that he does not.

He ended his remarks by saying:

> I wish I could propose to the people of Canada a means of receiving without giving.

• (5:00 p.m.)

Canada owes its tremendous productivity to its people. The government is inconsistent and so is the minister. He goes in western and in eastern Canada saying that the only way to increase the Canadian citizens' income is by increasing productivity. However, at the present time, steps are being taken in the field of agriculture for instance, to curb production in western Canada because there is a surplus. In eastern Canada, there is a milk surplus. Then, steps are being taken to discourage dairy producers. Measures are being taken in various sectors to decrease production. Then, in the house, we are being told that production has to be increased in order to raise the standard of living of the citizens. But where? Let us know about it.

Mr. Speaker, in closing, the Postmaster General and Minister of Communications stated:

> I regret to say so—

I cannot afford it.

> —but such a policy does not exist. It is a myth: the Social Credit myth.

Because Social Credit has never been put into practice. Is it a reason for not giving it a try? Is it a reason for not trying the experiment which I have been suggesting for 25 or 30 years? I am being accused of making the same speeches over and over again, of being a demagogue and so on.

As I said, Mr. Speaker, I have never promoted dissension among the classes of society. As I said before, I have called the people's attention to the ill effects of finance. I have not launched a personal campaign against the Postmaster General and Minister of Communications nor against the Minister of Regional Economic Expansion nor the Prime Minister of Canada. I do not engage in personal strife; my struggle is ideological. I pursue an ideology and I say to the government that you do not fight an ideology in a warlike fashion.

Communism is an ideology. Attempts have been made to fight it with weapons. Similar attempts were made with regard to nazism. An ideology is won with a better idea but never with weapons. That is why we are opposed to wars and we are engaged in an ideologic struggle.

The government's present ideology is not so good since they do not know where they are going.

I heard last night the Leader of the Opposition (Mr. Stanfield), on the television program "Under Attack" on channel 12. He did not put forward any solution. He was asked what was the difference between a Tory and Grit, and he said it was almost the same thing: The Tories are in favour of private enterprise. Then the interviewer asked: Are not the Liberals, the Prime Minister, also in favour of private enterprise? He said yes. Should we say he is a Conservative with a small "c"? Maybe. We might say he is a Conservative with a small "c". So, the Prime Minister of Canada would be a Conservative with a small "c"; the Leader of the official Opposition would be a Liberal with a small "l". A mixture of both gives the results we have known with the two old-line parties since Confederation. Big deal.

Social Credit is not a myth; it is something logical. The two old-line parties are trying at present to make the Canadian people swallow an ideological myth. The people are fed up. They have had enough of it and they want action. I repeat: we are not asking for the issuing of green bills or credit without any consideration or limit, but for a scientific, human balance between the purchasing power and the Canadian production. That is what we want.

Nothing is provided in the present budget to bring about an economic recovery; there is only talk about fighting against inflation, and during that time, the Canadian people are being penalized.

Mr. Speaker, we are definitely against keeping the people in poverty when there is abundance in Canada. If our country is rich, if it has a potential, as the Postmaster General and Minister of Communications said, let us use our unemployed to develop that potential, not the potential of which we have no need, but that which we need, that the people are asking for. Instead of letting the bread grow mouldy, as the Postmaster General said, let us distribute it to those who are hungry.

Let us feed them, let us clothe those who are naked, and house those who are without decent homes. Then, the government, the Postmaster General and Minister of Communications, the Prime Minister, and the Minister of Regional Economic Expansion, together, will have helped the people. At long last they will have put the Canadian economy in the service of the human being.

[*English*]

Mr. Deputy Speaker: Prior to recognizing the hon. member for Vancouver Quadra, I wish to advise the house of the questions to be raised tonight at the time of adjournment.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the house that the questions to be raised at the time of adjournment tonight are as follows: the hon. member for Winnipeg North Centre (Mr. Knowles)—Social Security—possibility of legislation to decrease family allowance and old age benefits; the hon. member for Hillsborough (Mr. Macquarrie)—Education—employment of Canadian scholars in Canadian universities; the hon. member for Nickel Belt (Mr. Serré)—Regional Development—program for northern Ontario.

GOVERNMENT ORDERS

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. E. J. Benson (Minister of Finance) that this house approves in general the budgetary policy of the government, and the amendment thereto of Mr. Lambert (Edmonton West), and the amendment to the amendment of Mr. Saltsman.

Mr. Grant Deachman (Vancouver Quadra): Mr. Speaker, in British Columbia the provincial government has been showing a film, "The Good Life", throughout the province. It is a portrayal of life in British Columbia as the Premier of British Columbia and his officials believe it is lived. Before the Minister of Finance (Mr. Benson) becomes seduced by Mr. Bennett's portrayal of a dolce vita on the west coast, I wish to draw his attention to a few realities. A Vancouver teacher wrote to me very recently stating:

> For the past five years I have been teaching in a transient area largely made up of foreign speaking families who don't know how to make the authorities aware of their problems.

She has written to me from Vancouver about an area in that city in which she teaches. She goes on to say:

> Only the people who live there from day to day, year in and year out, haunted by real poverty, truly know what it is like.
>
> Families move in and out and the housing gets progressively worse. One mother felt forced to move because she couldn't keep her children free from colds as their clothes and bedding never really dried out in their damp basement suite. Another family moved because the plaster was falling in chunks off the ceiling and the place wasn't heated. Another family, who have repaired and painted an old house at their own expense were forced to move when the landlord raised the rent for "improved accommodation" beyond their means. Where these people go heaven alone knows as they have little money for anything better.
>
> For years there have been rumours of a public housing development for the area. But nothing comes of it and people continue to suffer.
>
> Why can't money be found to defend today's children from disease, poverty and lack of opportunity for the good life—

• (5:10 p.m.)

I guess she has been hearing about the government's film as well.

> —our country can give them if it wants?

I am cheered, and I know we all are, that the Minister of Finance has been able, without raising either personal income or corporation taxes to produce a surplus in his budget, but I am also aware that we have hardly begun to fight the war on poverty or the housing crisis in metropolitan Canada, which is as real in Vancouver as it is in Toronto and Montreal.

Because I sometimes feel that members of this house believe that we who come from B.C. come from a land of milk and honey where such things do not really happen and where it is our privilege to contribute to those who are in need in other parts of the country, I wish to speak this afternoon of another crisis, perhaps even more far-reaching, more deeply rooted, more difficult to cure, and more significant for all Canadians than the housing crisis—the wheat crisis on

the western prairies. This problem is perhaps minimized because it is seldom stated in the house by other than prairie members. That is why I thought it would be useful this afternoon for a city man who does not live on the prairies to state the case here in the House of Commons, perhaps not in approved prairie terms but in terms that can be understood by city men such as myself.

The background of the crisis is stated by the Winnipeg *Free Press* in a recent reprint from editorial and news pages, in these words:

> What are the major problems confronting the farmer? In the first place, he is confronted with formidable operating and living costs. The prices of many of the goods required for his operations are artificially enhanced by the protective system of which the government is the architect. On the other hand farm exports must be sold in markets, such as Japan, where demand is limited by the unwillingness of the Canadian government to remove the obstacles to imports from these countries. More specifically, however, the government through the Wheat Board controls marketing; it is not open to farm organizations to sell outside it. The board, after years made easy by the big deals with Chinese and Soviet state agencies, has simply not accomplished the selling job.
>
> Behind the board is the government. With the rediscovery of the east, Mr. Alvin Hamilton encouraged the farmers to greater production with the doctrine of unlimited demand. His Liberal successors pursued the same course and the farmers produced as never before, ending with a surplus beyond anything previously recorded.

Here are the dimensions of the glut that now chokes and overflows the whole grain handling and storage system. I want to put this in terms that my city colleagues can all understand.

On July 31, 1968, about one year ago, we had a carryover of 665 million bushels, an inventory on hand of 665 million bushels before the new crop came on to the market, or an unsold amount equal to one whole year's crop, with another crop coming. We added to that the 1968-69 crop of 635 million bushels, making the astronomic total of 1,300 million bushels.

Mr. Forrestall: Why didn't you sell it?

Mr. Deachman: Perhaps the hon. member, coming as he does from the east coast, will be able to appreciate a western problem if he just listens to a city man telling it. He has been listening too long to his prairie friends.

After allowing for domestic use and exports we are going to end up on August 1 of this year with a surplus of 790 million bushels. Behind that will be coming the current year's crop, so if sales drag and if the crop is good we could very well end up the crop year with almost one billion bushels of wheat on hand.

That is equivalent to $2 billion of unsold inventory. It is an amount so large in quantity that it would take an armada of 4,000 average grain ships ten years to carry it out of the port of Vancouver, with the facilities and the size of ships now coming in and out of that port. Is that a crisis? To put it in the words of the Winnipeg *Free Press:*

> It seems clear that this country is in the final stretch of what can only be termed, from the wheat growers' standpoint, a disastrous year.

It requires little imagination for us to realize that the welfare of everyone in the west from Vancouver right through to the head of the lakes is going to be greatly affected by this crisis, and actually is affected by it now.

While the judgment of past governments and of the present government has been bad in regard to future demand for wheat, the judgment of western farmers has been no better in regard to beef and the demands for beef, which trades freely on the North American market, as opposed to wheat which is sold through the Wheat Board. Prices have suddenly gone up out of sight, and the western farmer is caught without sufficient feeder cattle to meet the demand or to take advantage of it. So we have a phenomenon in western Canada today of far more wheat than we are apparently going to be able to dispose of, with a $2 billion inventory in prospect, and a situation in which beef prices have gone out of sight but we are unable to feed the cattle and supply that market.

To return confidence to the western producer I hope we will shortly hear of comprehensive short-term programs designed to correct the current imbalance in agricultural production. For the longer term perhaps we need a royal commission to inquire into western agriculture and the agencies, such as the Wheat Board and the transportation systems, which serve it. We have had such inquiries in the past and they have done a lot to shape our thinking in regard to western agricultural and transportation economics.

As a Vancouver member I am closer to and more familiar with rail and shipping problems than I am with prairie agriculture. Vancouver began as a railway town and as a harbour town served by the railway. The planning and development of transportation in the lower mainland, or greater Vancouver

area, has been hampered by struggles between competing railways, competing industries and competing governments. In a submission to the province of British Columbia and local governments and railways, the Lower Mainland Regional Planning Board recently protested such struggles in these words:

• (5:20 p.m.)

> If the operating railways are not willing or are not able to co-operate to bring about this integrated rail service network on a joint basis, then immediate government action at all levels should be undertaken to institute a terminal rail system in the lower mainland.

The government of British Columbia and the government of Canada each operates a harbours board of its own that fights for possession and jurisdiction of the new superport at Roberts Bank. The C.P.R. and the C.N.R. have carved the inner harbour of Vancouver into two unco-ordinated and competing jurisdictions. The port of Vancouver development committee, which was established to give some guidance to harbour development, often finds itself on the outside looking at major transportation changes of which it had no knowledge, such as the Second Narrows railway bridge now nearing completion.

The National Harbours Board is too far removed from the scene to give strong direction and administration to the port of Vancouver and the other transportation facilities of the lower mainland. A complete overhaul of the National Harbours Board is long overdue. In the minds of many who are concerned about this problem such an overhaul should include the establishment of a crown corporation to run Canadian harbours with an autonomous western region capable of giving regional and local planning and administration.

I do not want to dwell at length on the transportation problem today. Let me say, however, that we need federal answers to a number of problems. What is to be the ultimate fate of the inner harbour of Vancouver? Is it to be a container port or will the great container cranes go to Roberts Bank? What is to be done to give the port more grain storage to take some of the stress off the rail system? What is the future of New Westminister harbour, caught between the conflicting ambitions of the inner port and Roberts Bank? What will be done to rationalize the conflicting federal and provincial jurisdictions and the conflicting ambitions of the five railway companies that serve the lower mainland and the ports?

Still on the subject of transportation, let me mention a subject that greatly interests Albertans and British Columbians. On June 5 the Secretary of State for External Affairs (Mr. Sharp) told the house that a subcommittee of the United States House of Representatives will be in Calgary on June 19 to discuss with businessmen and local officials the paving of the Alaska highway. This highway comes under the Minister of Public Works (Mr. Laing). Formerly it was under the armed forces. It is not a provincial highway. For years westerners have urged the federal government to undertake an annual paving and improvement program for this highway. To head off local pressure, the government had two surveys undertaken, one by the Stanford Research Institute which indicated the route would not be very economical and another by the Department of Public Works which showed that the engineering would be costly and difficult.

If Sir John A. Macdonald had bought a couple of surveys like that he could have proved beyond doubt that the C.P.R. should never have been built. I ask hon. members, whether or not they are familiar with this problem, how can we possibly lose by building, maintaining and improving a highway which connects two provinces with the territories and Alaska, which connects Canada with the United States and in addition opens up a vast new area that constantly turns up new mineral resources? So I ask the government in its consideration of objectives to look toward the idea of a paving program for the Alaska highway in order that we may accomplish this task rather than beg the United States to do something for us which, if we do it ourselves, can only benefit us greatly.

When we bargain with the United States authorities on matters concerning Alaska and transportation between Washington and Alaska we should always bear in mind that area of Alaska, the Panhandle, which denies access to the sea to Canadian developers in northern British Columbia and the Yukon Territory. Any development which would benefit Alaska and Washington should have connected with it from the Canadian side negotiations for access to the sea through the Alaskan Panhandle.

In closing I should like to leave a thought with the minister concerning the mining

industry of western Canada which contributes greatly to our exports. This industry was alarmed by the suggestions of the Carter report in respect of the incentives which have developed that industry. I hope the Minister of Finance in preparing his white paper is prepared for a decent burial of those suggestions which affect the mining industry of western Canada and western Canada as a whole. The west has some great problems but they are not problems of poverty. They are problems which involve expanding our productivity and managing it in an imaginative and profitable way.

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, my remarks this afternoon will be in two parts. First I shall deal with one aspect of the budget and, second, I shall deal with the impact of certain statements in recent weeks having to do with our role in NATO. In his press release accompanying the release of his budget the other night the minister stated that the deferred depreciation measure should ease inflation by reducing demand in the construction industry in the 22 centres affected and that it should help to divert funds to housing, schools and municipal works. The budget provides for the deferral of depreciation allowances—I gather essentially for tax deduction purposes—for up to two years on commercial buildings put in place up to the end, as I understand it, of 1970. The term "commercial buildings" is defined to include buildings for wholesale and retail trade and services, office structures, banks, financial institutions and other commercial facilities such as hotels, theatres and service stations. This measure is to be applied only in those cities with a population exceeding 50,000 as per the 1966 census in the provinces of Ontario, British Columbia and Alberta. This covers, as I mentioned, 22 cities, 18 of which are in the province of Ontario. This is the reason my colleague, the hon. member for Edmonton West (Mr. Lambert), dealt primarily with Ontario in regard to this matter. Two of them are in British Columbia and two in Alberta.

The capital cost allowances, or depreciation, for tax purposes are the annual deductions companies can make from income subject to tax because of loss in value of the fixed asset itself. The allowance is 5 per cent a year on the diminishing balance of a non-wood, commercial building. For example, the tax write-off for the first year on a $1 million building would be $50,000. It is estimated that the deferral provision will add between 6 per cent and 7 per cent to the cost of a building for the two year period. Deferred depreciation allowances will on this basis have little, if any, effect as an anti-inflationary device. I say this because the $850 million commercial construction expenditure, which is as near as we can come under the definition of what was set forth by the minister in his budget—this prediction for 1969 is to be found in "Private and Public Investment in Canada, Outlook 1969" represents only 8 per cent of total construction in Canada and only 5 per cent of all capital expenditures. My colleagues have said this, and I am sure that some hon. members who speak after me will say it.

• (5:30 p.m.)

My second reason for making this statement is that the three provinces whose large urban centres are affected by this measure account for 65 per cent of commercial construction, representing only about 5 per cent of total construction in Canada. The amount of construction affected is very small; therefore the impact of this anti-inflationary measure will be very small.

There are other factors which may render this deferred depreciation measure ineffective and, it has been suggested and I cannot dismiss it, even injurious to the aims that I am sure the minister holds quite sincerely. I would like to list these, Mr. Speaker. Let us recognize that income from building will be hurt for a two-year period because of the denial of this depreciation allowance. It is not for a long time; it is for just a two-year period. The developer is put into the position of being something of a gambler; he will have to determine whether costs will rise above that figure, and if he thinks they will he will bet in favour of building now. If the developer is forced to build outside urban boundaries, an injurious aspect that will come about is the furthering of uncontrolled urban sprawl. In any event, the ultimate effect will be increased cost which will be passed along to the consumer in the form of increased rent.

Commercial projects of any significance can take more than two years to build, so it is unlikely that anybody would hold up such building unless there is doubt that the provision will not be removed at the end of the first year after the completion of construction. This proposal might prove an incentive for people who feel it advantageous to move outside urban boundaries. This would have the effect of committing our municipalities and regional governments to greater expense and,

on an emergency basis, to control any further move toward uncontrolled urban sprawl.

This proposal would bring about increases in taxes in areas such as Toronto if commercial buildings, and thus the tax revenue derived therefrom, falls off. We must recognize that the construction season is well under way and the impact on construction during the next several months will be small; it might, as a matter of fact, be unnoticeable this year. The initial reaction of the Canadian Construction Association on this aspect of the budget was one of questioning whether it will have any effect at all on the inflation we are experiencing.

If the demand exists, developers will still build, and these increased costs will show up in the form of higher rents. With regard to commercial construction, as I have mentioned, in a city such as Toronto it will affect only a relatively small proportion; only 8 per cent of the total construction in the province of Ontario will be affected. For Alberta the figure is 5 per cent, and for British Columbia it is 6 per cent.

Two types of projects which probably will be affected because of the difficulty of financing are marginal operations and large operations such as urban renewal schemes, and so on. Since the minister made his budget speech I have found no economist predicting a substantial hike in the total volume of construction; in fact, I have found it predicted that the figure will remain the same. There will probably be some transfer of funds from commercial buildings, as defined by the minister, to the area of high-rise apartments. Here again, rents will be increased and because of this the cost of living will rise. Many points could be made in respect of the budget but these are the four or five points that occurred to me and which I wanted to bring to the minister's attention. It seems to me that the minister would have been a great deal better off if, instead of introducing these proposals, he had taken positive steps to reduce prices and the cost of living index. Statistics issued by the Dominion Bureau of Statistics indicate that the price of ham has risen from 117.9, on the basis of the policy instituted in 1961, to 131. The same increase is seen in respect of a great many dairy products, beef, pork, various meats, fats, oils and bakery products. I notice that the price of hamburg has not risen too much; this is probably because it is all most of us can afford to eat.

Because we are limited to 20 minutes in this debate and there are other areas of concern to me, I should like to direct some observations to the question of maritime command and the intentions of the government in this respect. If we are to accept the principle of acting in our own defence, we must consider the first line of that defence to lie in the area where conflict would first erupt. Accepting this principle, I reiterate my concern for the continuation of forces in being in Europe. I qualify that by simply recognizing that because we are now limited to a defence budget of some $1.8 billion, change has to occur. In my view this change must come through the orderly development of the area of our greatest expertise; that is to say, I hope the current defence review has taken into consideration, and will continue to do so, the military role in which Canadians have developed their greatest expertise and credibility.

It is true that our reconnaissance squadron in Europe is the best in the world, but this is only a small part of our defence make-up. Our peacekeeping forces in Cyprus and elsewhere have developed extraordinary skills, but again this represents only a small part of our defence posture. We have a highly qualified defence interceptor system in Canada. However, in none of these areas have we developed full credibility in the eyes of our allies. There is one area in which Canada has in the last 15 or 20 years emerged as a leader among the nations of the world. I refer to our expertise in the anti-submarine warfare role. I say seriously that if we are to achieve and maintain the trust and respect of our allies, then it seems to me that whatever we specialize in we must be capable, in the eyes of our friends, of accepting a full share of the responsibility for our nation's sovereignty and continental defence.

• (5:40 p.m.)

I suggest that it is within the context of maritime command that we have the only rational course of action open to us. I am not saying that we should abandon the concept of a highly mobile brigade or that we should diminish our contribution under NORAD. What I am saying rather is that it appears from the freezing of the budget and from statements that have been made by the Minister of National Defence (Mr. Cadieux), the Prime Minister (Mr. Trudeau) and other leading government spokesmen, that cut-backs are inevitable and that the specialization of Canada's military role into the 1970's is a necessary consequence.

It is a matter of personal regret at this time that I do not share the apparent immediate

enthusiasm for the masterpiece of equivocation of the Minister of National Defence in reply to a question I asked him on June 4 about our maritime role. I want to quote it because I do not want false optimism to sneak into the picture. The minister said in reply to my question:

> Generally speaking, I think people who have a special interest in naval affairs should be encouraged by the policy statement by the Prime Minister, because evidently this is a role which has to be enlarged. So I suppose there is no such worry.

Are we to accept on this basis the proposition that there will be an enlarged navy? Not by a bloody long sight!

I can only suggest to the house that I do not accept this as an assurance that there will be an increased role for the navy in the immediate future; quite the contrary. In reply to written questions posed by my colleague, the hon. member for Halifax-East Hants (Mr. McCleave), we learned that the Department of National Defence is giving consideration to a follow-on aircraft to replace the Argus. On the other hand, however, there is no indication that similar consideration is being given to a follow-on aircraft for the Tracker. We have had, in the last three or four weeks now, every indication in the world to believe that the *Bonaventure* is going to be scrapped. Indeed, in Halifax now they are beginning to pay off officers and put them on strength at Stadacona. In addition, there has been no denial, either in private conversations or in public statements by the Minister of National Defence or anyone else, of the very persistent and current rumours that under the base consolidation program the C.F.B. Shearwater will close. In the light of these two or three very brief examples I can only conclude regretfully that there will be a reduction in the structure and strength of maritime command.

It may well be that the Prime Minister foresees surveillance of our own territory and coastal waters as a matter of first priority; indeed, in April in Calgary he listed it ahead of continental defence, NATO and peacekeeping. But it must be pointed out, and it must be remembered by people who are affected, that from concept to full operation in our northern waters will possibly take from six to seven years. So while the mid or late 1970's might see an enlarged maritime force, I repeat that there is nothing by way of evidence to support the speculation of an enlarged navy through the five year period immediately ahead.

No small part of my concern stems from the fact that an identifiable $150 million a year is contributed to our economy in Nova Scotia as a direct result of the presence of maritime command in its present form. It is difficult to determine the actual generation of dollars that results from this investment. However, recent studies have indicated that some 28 per cent of the Dartmouth-Halifax economy stems directly or indirectly from this investment. I suggest that the base supports another 20 to 30 per cent.

I do not want to be an alarmist, but I must point out the grave, moral responsibility of the government to announce its intentions clearly and honestly at the earliest possible time. Some of the questions that must be answered involve the intention of the government with regard to the base consolidation program, the total number of service personnel involved; those that are to be maintained at Shearwater, at Stadacona, at the dockyards and on the ships on the east coast. We must know what is to happen at Greenwood, Cornwallis and C.F.B. Summerside. The truth must be told about the government's plan for the navy as it relates to its anti-submarine warfare role. We owe this to our friends. We must know whether planning has already started for an Arctic role for the navy, as has been suggested. We must know whether the government intends an expansion of the Bedford Institute of Oceanography paralleling as near as possible a reduction in the numbers of servicemen in the Halifax area. We must know if contingency plans are being worked out to meet any vacuum that might be created as a result of force reductions. We must know if consultations have begun with the provincial government over this matter. Rumours are persistent that they have. If consultations have started, we must know what the nature of them is; and if they have not started, why they have not.

No other metropolitan area in Canada or any other province in Canada is as dependent on a stabilized flow of defence dollars as is Halifax, Dartmouth and Nova Scotia. If reductions are to come, then we must be told so now so that planning can begin. Otherwise, the cost to the Canadian taxpayer in terms of the transition services will outstrip by many times the cost of maintaining the maritime role in its present context. Indeed, so serious is the misinterpretation of the Prime Minister's remarks at Calgary in April by the Minister of National Defence, as was evident in his reply to my question, that Nova Scotians and indeed all Canadians are entitled now to a detailed statement of what is intended.

The Budget—Mr. Winch

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I am not a professional economist. I am not an expert on high finance. I am not a constitutional lawyer. But, as a down-to-earth citizen of Canada with an experience of almost 36 years as an elected member of parliament I believe that I know Canada. I claim to have a knowledge of the Canadian economy and to understand the possible and probable results which will follow the fiscal policy enunciated by the Minister of Finance (Mr. Benson). Therefore, I want to make a few comments on the budget speech.

Many of us were most disappointed when the Minister of Finance, in what we anticipated would be an attack on inflation in Canada, announced the bringing in of discriminatory legislation so far as the construction industry is concerned. It has always been my understanding that discriminatory taxation was not only unparliamentary but unethical. Yet, here we have the Minister of Finance stating that in an attack on the inflationary tendencies across Canada he will bring in discriminatory taxation against the provinces of Ontario, Alberta and British Columbia.

I did not believe that it was possible for this taxation to have the effect which he had in mind. I always like to speak on the basis of facts when I rise to my feet in the House of Commons. So most of this morning I was in conversation with people in British Columbia. I telephoned the B.C. Trades and Building Council; I was in touch with the B.C. Chamber of Commerce; and I was in touch with a top executive of one of the biggest corporations in British Columbia. What was the result of the conversations? The B.C. Trades and Building Council informed me that they did not expect any major impact on construction in B.C. for two years because the major buildings now under construction or committed in financing were sufficient to keep the majority of the skilled tradesmen of B.C. and Vancouver working most of the time. As a matter of fact, they anticipate a shortage of skilled tradesmen this fall. When I spoke to officials of the chamber of commerce I was told they could not foresee any impact on construction in British Columbia for reasons similar to those given by the trade unionists, though the proposal might have a small impact on some projects—nothing of an important nature, however. No one to whom I spoke thought the proposal would have any serious impact during the next two years and no one, certainly, believed it would have a dampening effect on the inflationary spiral.

[Mr. Forrestall.]

• (5:50 p.m.)

It was also the general opinion that any alternative capital investments to be made by industry would not in any case go into the depressed areas which the minister has in mind. But the important thing I learned from my telephone calls this morning to the chamber of commerce, industrialists and trade unionists was this: it is not the next two years which will be important, but the third and the fourth years. This is because it is necessary to plan two years ahead.

Those who are directly concerned with these projects ask: what will the situation be at the end of two years? They do not know, because, some say, they cannot trust a Liberal minister of finance. Mr. Speaker, less than two years ago the former minister of finance brought in a 3 per cent surcharge on income tax and corporation tax to expire at the end of this year. Now, the government has broken its word. It has broken faith with the Canadian people. The tax is to be renewed for another year. What people are asking in British Columbia is this: how can we trust a minister of finance who will break his word with regard to taxation? Will he also break his word and break faith when it comes to this discriminatory fiscal procedure against British Columbia, Alberta and Ontario? Will it not be extended as the surcharge was? This is a serious matter and we have to take account of the attitude expressed by spokesmen for the construction industry, their fears for the future of the industry and its economy. Account must be taken of this loss of face, or loss of faith inasmuch as the Minister of Finance and the government are ready to break their word and extend legislation beyond the period set when it was introduced and accepted by parliament.

There is one other matter which I find most interesting; it is the proposal to impose a tax on airplane tickets. I find this proposal most intriguing and I should like somebody to tell me whether or not it is constitutional. I suppose the minister has gone into this aspect, but I still wonder whether it is constitutional to place a tax on airplane tickets. I know that under the British North America Act the federal government has jurisdiction over interprovincial and international communications and transportation. But when it comes to finance, the act says that direct taxation is the field of provincial governments while indirect taxation is the field of the federal government.

An hon. Member: No, it does not.

Mr. Winch: Unless you bring in the argument that the federal government has imposed income tax, which some provinces still say is unconstitutional. But this was the result of an agreement made during the first world war.

Mr. Gray: May I ask the hon. member a question?

Mr. Winch: Not at the moment. My time is limited. A tax on aircraft tickets is a tax applied to the consumer at the time he buys his ticket. Then again, why should there be a tax on one form of transport? We subsidize the railways on a mileage basis when they build railroads. I think it runs to about $25,000 a mile. We have been paying millions in subsidies to the railroads. We also grant subsidies with respect to highway construction—the Trans-Canada highway is an example. In one way or another we subsidize road travel and railway travel. Of course, I realize that we spend a lot of money on airport facilities, too, but why should we discriminate by imposing a tax on one form of transport and not on another? So both from a questionable constitutional angle and on the grounds of discrimination I do not like this tax and I think it should be entirely reconsidered.

May I call it six o'clock, Mr. Speaker?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

PRIVILEGE

MR. McGRATH—COMPLAINT RESPECTING PRESS ARTICLE DISCUSSING COMMITTEE CONSIDERATION OF SEAL HUNT—MOTION TO REFER

Mr. Speaker: Order. Before we resume the business at hand I thought that with the consent of hon. members I might give a ruling on the question of privilege raised earlier today by the hon. member for St. John's East (Mr. McGrath). Over the dinner hour I have had an opportunity to consider the matter very closely, to look at precedents and to consult learned advisers, whose wealth of experience and knowledge is always of great assistance, as it was in this particular instance.

It is clear that parliamentary privilege includes the right of hon. members of the

House of Commons to exercise their responsibilities and to discharge their duties as members without undue interference. The question is whether the newspaper comments referred to by the hon. member for St. John's East constitute such undue interference as to be tantamount to a breach of privilege.

Privilege has been defined as the sum of the fundamental rights enjoyed by each house collectively, and by members of each house individually, without which they could not discharge their functions and which exceed those possessed by other bodies or individuals. May, in the 17th edition of his Parliamentary Practice, page 43, states:

> When any of these rights and immunities, both of the Members, individually, and of the assembly in its collective capacity, which are known by the general name of privileges, are disregarded or attacked by any individual or authority, the offence is called a breach of privilege, and is punishable under the law of Parliament.

Generally speaking, newspaper articles considered to exceed the bounds of fair comment on parliamentary activities have been judged over the years as being in the nature of contempt of court and have been held to constitute breaches of parliamentary privilege. The question is to determine whether in this particular case the article quoted by the hon. member for St. John's East goes beyond the limits of fair comment, whether it offends the privileges of parliament, or whether it interferes with the rights and immunities of individual members in the exercise of their parliamentary duties.

Citation 113 of Beauchesne's fourth edition states that:

> An attack in a newspaper article is not a breach of privilege, unless it comes within the definition of privileges—

Beauchesne then gives the following examples of breaches of privilege:

> Libels upon members and aspersions upon them in relation to Parliament and interference of any kind with their official duties, are breaches of the privileges of members.

In paragraph (3) of citation 108 Beauchesne says:

> —but to constitute a breach of privilege they must concern the character or conduct of members in that capacity, and the libel must be based on matters arising in the actual transaction of the business of the house.

Paragraph (4) of that same citation:

> Scandalous charges or imputations directed against members of a Select Committee are equivalent to libellous charges brought against the House itself—

Seal Hunt Consideration by Committee

I indicated this afternoon that when one considers the matter of parliamentary privilege in relation to newspaper comments, two conflicting interests must be taken into account. The first is the privilege of hon. members to exercise their duties free from undue interference. The second is the freedom of the press in relation to its reporting of parliamentary activities. On this point I should like to refer to a ruling of Mr. Speaker Macnaughton reported at page 4434 of *Hansard* of June 18, 1964. This ruling reads, in part, as follows:

> It seems to me that if this editorial referred in general terms to members of parliament none of us, I suppose, would be so thin-skinned that we could not accept some rather healthy criticism—

At the same time I would suggest that the language used is very strong and might well be considered to constitute contempt of parliament. Against this, there has to be weighed the requirements of a free press reporting and commenting objectively on parliamentary activities. In view of the language used in the article in question there might have been some support for a finding of a prima facie case of breach of privilege. This would allow the hon. member for St. John's East to have his motion put to the house. However, there are, to my mind, two serious procedural difficulties which stand in the way of such action.

In this presentation, the hon. member acknowledged that the matter has to be raised at the earliest opportunity. On this point I refer him and hon. members to May's 17th edition at page 378 as follows:

> A matter of privilege which claims precedence over other public business should be a subject which has recently arisen.

By way of example, the learned author quotes the following:

> A matter which occurred during the recess was refused precedence as a matter of privilege because it was not raised at the commencement of the session.
>
> Similarly a matter concerning an article in a newspaper published on 6 May was refused precedence because it was not raised till the 14th and a speech reported on a Saturday because it was not raised until the following Tuesday. On the other hand, when special circumstances justified it, the Speaker has permitted a Member to raise a matter on the day following the date of issue of the newspaper containing the article complained of.

In this instance, the article appeared in the Montreal *Star* of Tuesday, June 3. The question was raised today, Monday, June 9, nearly a week later.

[Mr. Speaker.]

In my view, the fundamental rule that a question of privilege should be raised immediately and without delay should be enforced. I appreciate that in some cases there might be extenuating circumstances, as where a newspaper is published in a remote section of the country, or if the offending article is published in a language other than that of the aggrieved member. In such circumstances a delay might be permitted. Such mitigating circumstances do not seem to exist in the case now before the house.

The second procedural difficulty comes from the form of the motion proposed by the hon. member for St. John's East. In my view, the motion should follow the question of privilege as a logical sequence. Such a motion cannot merely ask that the committee investigate whether or not there has been a breach of privilege; it must allege a breach of privilege. It should not simply propose that a matter be investigated to determine if there is or is not a breach of privilege.

This proposed motion is in fact a simple reference of a newspaper article to the committee, asking the committee to make a finding. That is not a motion of privilege but, in my view, an ordinary substantive motion which, of course, can only be moved in the usual way with the appropriate notice.

In view of the procedural difficulties to which I have alluded, and in spite of my serious misgivings about the allegations contained in the article in question, I have to conclude that the hon. member's proposed motion cannot be put to the house.

• (8:10 p.m.)

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. E. J. Benson (Minister of Finance) that this house approves in general the budgetary policy of the government and the amendment thereto of Mr. Lambert (Edmonton West) and the amendment to the amendment of Mr. Saltsman.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, since I have only ten or elven minutes left, I will not refer again to the two subjects I raised prior to the dinner recess. It seems to me, to judge from the facial expression of the Minister of Finance (Mr. Benson) and the way he nodded his head, that he does

not think I understand the nature of the general taxation power which is vested in the federal government under the British North America Act. I am aware of those powers and was aware of them when I spoke. I am aware of the provisions of the British North America Act. I still feel most strongly, nevertheless, about having the federal government intervene, through its taxation powers, indirectly in a field which, ethically, comes under the aegis of the provincial governments. Indirect taxation—Federal: Direct taxation—provincial.

I wish to raise two other matters of concern to the city of Vancouver. Primarily, I am asking the government to show consideration to that city when policy is being implemented. I was pleased to hear the hon. member for Vancouver-Quadra (Mr. Deachman) speak this afternoon about the need for planning in connection with the inner harbour of Vancouver, the harbour at Point Roberts and the harbour at New Westminster. I wish to add a few words to his. An over-all plan of harbour development is long overdue. Developments at Vancouver, Port Moody, Point Roberts and New Westminster ought to have been considered long ago. I ask the government to consider developing Vancouver's inner harbour. The majority of piers, wharves and all grain elevators on the south side of the inner harbour are in the constituency of Vancouver East. I wish the government and the harbour commissioners would pay attention to air pollution emanating from the grain elevators. The federal government built four of the grain elevators. It has sold two, elevators No. 1 and No. 3. Having been sold pursuant to an agreement of sale, those elevators are now the responsibility of their purchasers, but is not too much to ask the federal government to make sure that the new owners abide by the terms of recent by-laws enacted by Vancouver City Council. That legislation seeks to control air pollution.

The federal government still owns elevators No. 2 and No. 4 in Vancouver East. It has been trying to lease or sell elevator No. 2. Having talked to members of the harbour commission this morning, I now understand that a possibility exists that No. 2 will be leased or sold. If it is leased, again I ask the federal government to obey the new bylaw of the city of Vancouver, which seeks to control pollution arising from grain dust. That pollution affects the centre of Vancouver and Vancouver East. On the other hand, if the elevator is sold the government ought to make it clear to the purchaser that he, too, must obey the bylaws of the city of Vancouver and prevent pollution of the air by grain dust.

As for No. 4 elevator, the government has been trying to lease or sell it without success. Tenders for demolition have now been called. This elevator stands in the inner port of Vancouver on most valuable property. I ask the federal government not after demolishing the elevator then present us with a *fait accompli*. Instead, it should work with Vancouver City Council to ascertain the best use of this most valuable property. A deep sea pier might be built on the property, or even a new elevator.

In my remaining few minutes I wish to comment on another major topic. Not only is Vancouver the third largest city in Canada, it is also a seaport containing many different ethnic groups. West of Toronto, no constituency contains a larger number of ethnic groups than mine does. We have thousands of Italians, Chinese, Ukrainians and East Indians. I think there are over 30,000 Chinese in Vancouver and 10,000 of them live in my constituency. I was, therefore, most amazed to hear last week that the immigration department in Vancouver, which employs interpreters of various nationalities, had fired two Chinese interpreters. Fair is fair, Mr. Speaker, and I want publicly to express my appreciation to the minister and his office and, in particular, to his executive assistant for taking action. Immediately I drew this matter to their attention it was investigated and within 48 hours the interpretors were back on the job, pending a thorough investigation. That was a marvelous piece of co-operation, sir, and I appreciate it. I have raised this matter to ask for greater liason to be introduced between the minister's office in Ottawa and officials in Vancouver who are 3,200 miles away. When two interpretors are summarily fired in an international seaport containing thousands of people of different ethnic origins, confusion and heartbreak may be the result. I have expressed my amazement that an action was taken in Vancouver without the full understanding of Ottawa. I have expressed my appreciation for the speed and the co-operation I received from the minister's office. Coming from Vancouver, I know of the immigration problems that arise when there are many thousands of people of an ethnic origin other than English. I sincerely hope when a survey is made some interpreters in the different languages will be maintained in the immigration offices in Vancouver.

The Budget—Mr. Givens

• (8:20 p.m.)

As my time is now up, I will conclude by saying I have been only able to raise four points. However, I would appreciate it if the thoughts I have expressed and the recommendations I have made receive the full study and understanding of the ministers involved because irrespective of the various parties in government or opposition, it is my strong belief that we are imbued with the desire to arrive at final decisions which will be in the best interests of our country.

Mr. Philip Givens (York West): Mr. Speaker, I find this matter of budgeting very exciting and interesting. I have had some budgetary experience. I was the budget chief in the city of Toronto. I keep reminding people here that city has a population larger than the population of seven of the provinces. It also has a larger budget than seven provinces.

In municipal financing, you must pay as you go. You have to be self-liquidating. You have no arsenal of weapons or tool-kit of gimmicks like the federal Minister of Finance (Mr. Benson). If you want to spend, you have to tax. You cannot spend the money without raising it in that year because you cannot borrow on a current account. You cannot have a deficit in a tough year and expect to pay it off in a good year because in municipal financing every year is tough.

As far as capital account is concerned, you cannot borrow money as freely as you would like in order to do the things you want. In the province of Ontario there is an Ontario Municipal Board and they have a ratio in which they work out a net debt to per capita assessment. They set up a formula which limits the municipality to a certain amount. There is a ten year projection which is a Procrustean bed within which they fit you. That is all you can do.

In Metro Toronto for a number of years we had a $100 million limit on our borrowing. That is what enabled us to maintain our triple A rating in the money markets of the world. The Minister of Finance must be a combination of Mandrake the magician, the medicine man and a manipulator of money. I often have visions of the Minister of Finance on a Monday morning calling up the Governor of the Bank of Canada and saying, let's increase the bank rediscount rate today; then let's phone Allan Lambert, President of the Toronto-Dominion Bank, and give him hell for increasing the prime rate. However, these things cannot be done in municipal financing.

[Mr. Winch.]

What is the main problem which we have in this nation today? I think we are all agreed it is inflation. It is a dire threat which can lead to a catastrophe. Of what great moment is this matter of building higher skyscrapers if we are going to have runaway inflation, and our fixed income and low wage people go to the wall. The truth of the matter is that no one has all the answers on inflation or how to cure it. The Minister of Finance, who is an honest man, was honest enough in his speech to admit he does not know all the answers. Having listened to all of the opposition speeches that have been made today, I don't think they have all the answers either. Until we know what the final solution or answer is, we have to try all kinds of remedies.

I think the remedies proposed by the Minister of Finance in his budget speech are good. Incidentally, the main two proposals he made were suggested in the Carter Commission report. I have heard the members of the New Democratic Party on various occasions say that the Carter report is something they like. I wish to quote the suggestions made in the Carter report which are being implemented in this budget. One relates to the expansion of productive capacity. I quote:

> If bottlenecks do occur, temporary specific measures should be used to restrict demand in these areas until productive capacity has increased, . . . What is needed, therefore, are good indicators of the degree of utilization of capacity in each geographic and industrial sector of the economy, reliable forecasts of the future changes in capacity and demand, methods of controlling aggregate demand that make it possible to vary the rate of expansion without stopping the expansion, and techniques for controlling demand in particular sectors of the economy when bottlenecks occur.

I wish to quote from another section dealing with tariffs:

> For example, selective tariff cuts to inject more foreign competition where domestic competition has been unable to limit the wage price spiral might be of use in some circumstances.

That is exactly what is being implemented in this budget. The Minister of Finance was wise to build on these suggestions. Various members of the opposition have raised the bogey of discrimination. They have stated that this budget discriminates. It is meant to be discriminating. Perhaps a better word to use would be selective. This is probably a more proper word. The capital cost allowance deferral that is, the depreciation deferral, is only, a deferral. It is not a cancellation, or an elimination. It is not intended to cut down spending on building, but to divert building

materials and labour to residential and industrial purposes, even within the sectors where it is being applied in the three provinces of Ontario, British Columbia and Alberta. It is intended to divert these needed resources from sectors in the community where the capital has become overheated.

Some members of the opposition say this will kill building. In the same breath they say it will not work, that the people in the building industry will go ahead and build because they figure there is going to be a rise in price. The hon. gentlemen cannot have it both ways, Mr. Speaker. You cannot suck and whistle at the same time. Either it will work or it will not work. We say it will work.

The Leader of the New Democratic Party, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), in the last election campaign made speech after speech deploring the fact that the government was doing nothing about the flashy new bank buildings, the theatres and the hotels. The government is now doing something about them in this budget. This is bound to affect the conduct of the lending institutions with respect to plans six months hence. I do not believe any significant change will take place within six months, but in six month there will be a remarkable and definite change. Anyone who has ever been involved or had anything to do with construction knows that the first two years are not big earning years in commercial buildings because they have a high breakoff point. It is not until there is approximately 80 per cent occupancy that you start to make a profit.

This measure will undoubtedly divert finances from marginal, non-essential projects to housing and industry. This is what we want. We talk about this being discriminatory on a geographical basis. When we make a comparison between the provinces we find some rather startling facts. I draw the attention of hon. members to a booklet entitled, "Private and Public Investment in Canada Outlook 1969 and Regional Estimates". This is published by the Queen's Printer. Hon. members should get this booklet because it is very illuminating. It points out with respect to commercial construction that in the province of Ontario there will be an increase of 31.7 per cent in one year. In the province of Quebec there was a decrease of 6 per cent as compared with an increase of 31.7 per cent in Ontario. With respect to business investment, Ontario is up 20 per cent over all. In the province of British Columbia business investment is up only 5 per cent, and in Quebec and the Atlantic provinces there is hardly any change at all. In Quebec it is down from $352.6 million in 1968 to $324.4 million in 1969.

• (8:30 p.m.)

So far as unemployment figures are concerned, in Ontario the unemployment figure is 3.7 per cent. In Quebec it is 8.4 per cent, and as hon. members know, anything over 6 per cent is serious. In the Atlantic provinces the unemployment figure is 10.5 per cent. So, Mr. Speaker, you see it is only sensible to apply regional remedies. You cannot cure a high fever by more fever, or high blood pressure by hypertension. You cannot cure my weight problem by asking the hon. member for Winnipeg North Centre (Mr. Knowles) to go on a diet.

Several hon. members have said, "Don't kill the goose that lays the golden egg." I say we don't want this goose to die of coronary thrombosis either. The hon. member for Edmonton West (Mr. Lambert) says, "Don't knock success on the head," but we don't want too big a head of steam or something will burst. This is designed as a safety valve and this is the way I feel it will work.

With respect to labour costs, last week the Toronto *Globe and Mail* indicated wage settlements for Toronto construction workers of 12 per cent for the next two years. Today, the Toronto *Telegram* had a front page article which showed that Toronto electricians are to get $6.20 per hour, which is $232.50 per week for a 37½ hour week. This is more than we get paid as members of parliament.

An hon. Member: That is because they give light.

Mr. Givens: So, we give heat, and we make up for the difference. I shudder to think how much our housing freeze, imposed last fall, will cost us when the contractors come back to have their contracts adjusted with respect to these new wage rates. I believe that inflation is chronic. I really do not believe it can be cured. I believe it has become a way of life. I have been bargaining for almost 20 years with labour unions, and in that time settlements have always been in an upward direction. New administrations come in with the best intentions in the world, but they find their hands are tied with these negotiated increases. I am not being anti-labour. It is the

same with management, with lawyers, doctors and all other professional groups. As I say, it has become a way of life. We hail our ministers of labour as conquering heroes for getting us wage settlements at one half of what was asked for, when what was asked for in the first place was double what should have been asked. Inflation has got to be controlled and restrained, and we must fight desperately to increase productivity.

So far as new Toronto buildings are concerned, which we saw so much about and heard so much about in the newspapers, I believe that the minister's new depreciation allowance will not affect those new buildings where firm commitments have already been made. There is a provision for pro rata depreciation for multi-purpose buildings. For instance, I do not believe that the Campeau project, if it is to go ahead, can be stopped. I also believe that the new hotel on the south side of Queen Street opposite city hall will go ahead. So far as the C.N.-C.P. properties are concerned, in my considered judgment they are not ready to be developed before 1970, but since this is to be a multi-facet residential project the residential aspects could be proceeded with before going ahead with the commercial part. I think it is better to balance out the boom than to have a bust. We should have sustained, controlled growth. This would be obviously better than what we have now.

Editorial comment in Toronto papers on the budget has ranged from the *Financial Post's* "Very Tough Job Nicely Handled," to a shrill, shreiking *Tely* editorial which was captioned, "A Disastrous Budget." The *Globe and Mail* had a professorial treatise on the subject headed "Will the Budget Work?" and concluded that it probably wont. The Toronto *Star* says that it probably will. So, you pay your money and you take your choice.

I think it is a good budget. I have heard nothing today which would make me change my mind. It shows intelligence, adaptability, willingness to innovate and try new methods. I support it and defend it against all opponents, including peripatetic mayors, particularly those who shoot from the lip in public interviews before they've even heard or read the budget speech.

One innovation I would like to see would be an interest tax credit, similar to the 20 per cent dividend tax credit granted to investors in the shares of Canadian companies. If I were minister of finance I would grant this to those who invest their money in housing mortgages at an interest rate of 8.5 per cent or less. I sincerely believe that the revenue lost from such a measure would be far outweighed by the mortgage money it would attract to the housing field, and I think it is worth a try.

Now, I should like to speak for a few moments about a few remarks that appear on page 12 of the text of the minister's budget speech. This has to do with the write off of $125 million of Expo deficit during the current fiscal year. Oddly enough, Mr. Speaker, nobody has said anything about this so far. Nobody has said anything about this little bit of government largesse, which has already been paid in accordance with an agreement which was made when hon. gentlemen opposite of the Conservative party were the government of this country. They gave *carte blanch* whereby the federal government would assume 50 per cent of any deficit of Expo. What a blank cheque that was, and now we are paying the bill. This does not include the latest federal agreement to postpone the debt of the city of Montreal for a further five years, at our expense. That will cost another few million but, after all, it's only money and it's for the city of Montreal.

Some hon. Members: Hear, hear.

Mr. Givens: But since we in metro Toronto contribute approximately one third of the income tax, the succession duties, the corporation taxes and the customs and excise duties of this nation, perhaps we may be permitted to say a word about this matter. If we are going to help pay for the hangover after the binge, I would like to say something about it. I remember that when I was mayor of the city of Toronto, the mayor of Montreal, Jean Drapeau, came to me for support. He said, "Phil, Expo will be good for all of Canada." And I agreed. He said, "Expo will unify the whole country." And I agreed. He said, "It will build bridges of brotherhood." And I agreed. He said that Expo would bring in lots of business to Canada, and I agreed. I went out and publicly supported it and asked the people of Toronto to go to Montreal to visit Expo.

But there was one more thing he said. He said, "Once we have finished with this world's fair we will never compete with the Canadian National Exhibition." He said this publicly and privately. I was not so naïve to believe it. I did not expect this undertaking to be kept and I was not disappointed. "Man

and His World" is alive and kicking and competing, and "Man and His World" will also have a deficit.

I want to make myself absolutely clear. I begrudge Montreal nothing. If they have got a champagne taste and a beer pocket that is their business. I would be willing to go along and pay for a few drinks just to keep them happy. But my only concern is this—and through you, Mr. Speaker, I appeal to Metro Toronto members whose support I want—that the Canadian National Exhibition which has been in existence for 91 years, and has stimulated the agriculture, trade, commerce and industry of Metro Toronto and Ontario for 91 years, which has brought happiness to millions of people, millions of children, brought in tourists and paid sales taxes for so many years, should get comparable treatment—not special treatment—comparable treatment. The Canadian National Exhibition has always paid its own way, and has not asked for money to cure a hangover. Sure, the Canadian National Exhibition was never as spectacular as Expo, but its directors never had the key to the federal mint like Montreal had. So, Mr. Speaker, I hope that the Minister of Finance will remember this when the Canadian National officials come here looking for some face-lifting assistance and some financial Geritol that they so badly need. And I hope that the Minister without Portfolio (Mr. Lang), who has the responsibility for water resources, will stop making a big federal case about a paltry $1,200,000 worth of land purchased by the Metro Toronto and Regional Conservation Authority for parks purposes, and which he wants back as a credit. This has become a big legal dispute around here.

This $125 million is a lot of bread. I say again that I do not begrudge Montreal anything, especially in the present plight it is in; I just want a few crusts of the loaf for the people I represent.

• (8:40 p.m.)

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, it is very fitting that I should follow the hon. member for York West (Mr. Givens), the former mayor of the great, fat city of Toronto, since I am from the lean province of Newfoundland and the lean riding of Gander-Twillingate. I am not reflecting on the weight of the hon. member. I should like to have the name and address of his speech writer. His speech was stirring, but it left me cold because we had the impression the hon. member would do a job on the Minister of Finance (Mr. Benson) and reflect on his anti-Ontario budget. Of course, the hon. member did use Mayor Drapeau as the scapegoat and took a strip off him. I shall not become involved in this kind of fight. I will leave it to others.

I perhaps should not say anything at all about the budget because basically that is what the budget did—it did not say anything at all. I did not say anything about the first budget because I was a new member and the government was a new government. I realized that since the government had just come into power we could not expect too much in such a short time. Basically, the budget hit the central theme of the government's intention to curb inflation and perhaps the subtheme of regional disparity, as well as the reflection by the minister on the great array of programs advanced to assist regions of Canada.

In my few remarks I should like to tie the budget in with the minister's statement about regional disparity. When we speak of regional disparity in this country we are not necessarily talking about the effect on a few fishermen in Gander-Twillingate, a few spud farmers in Surrey or a few people who make their living from seal fishing in the Magdalen Islands. We are speaking of the vast number of Canadian people in the Northland, the people in the remote mountain regions of British Columbia, although I am just guessing at this, the interlake area of Manitoba, the micro-urban ghettos and most of rural Quebec as well as most of Atlantic Canada. By geographical definition we include most of Canada. We are talking about a sizeable portion of Canada when we speak of the problems of regional disparity.

I want to reflect on the matter of regional disparity because I have indeed been annoyed by the lack of action and the great deal of talk by the government about trying to help the people of the depressed and slow growth areas of this nation. One reason I am a little disillusioned is that I have just finished reading a book written by T. N. Brewis on Regional Economic Policies in Canada. On page 93 he quotes a speech made by the then minister of finance to the tax structure committee on September 14, 1966, in which the minister said:

> Where circumstances—whether natural or man-made—have channelled a larger than average share of the nation's wealth into certain sections of the country, there should be a redistribution of that wealth so that all provinces are able to provide to their citizens a reasonably comparable level of basic services, without resorting to unduly burdensome levels of taxation.

I could go on and reflect on the concept of regional disparity held by the former minister, but I want to reflect on the budget in the sense that there has been a misrepresentation made to the Canadian people by the statement that there is a great array of programs proposed and being followed by this government to meet the needs of those people who are affected by regional disparity in Canada. But firstly, I wish to reflect on the monetary policies of this government which are supposed to be geared to regional disparity and which, in my opinion, are anything but. I believe that if one were to speak with Canadians in most of the slow growth areas one would find that this is one of the worst years in the history of the Canadian nation so far as unemployment is concerned and so far as general living conditions are concerned. I have had an opportunity to visit around a little. I am not as widely travelled as some hon. members, but I do travel a bit in Canada. Things really are not too different in certain of the slow growth areas. We have seen evidence of this fact this year in New Brunswick. We have seen the repercussions from the back of policy in Newfoundland and a good number of other places.

A national policy has been applied right across the whole nation in an effort to curb inflation. I agree that perhaps there are some moves being made by the Department of Regional Economic Expansion, but I am not prepared to accept any practice, policy or philosophy aimed at curtailing inflation which is put into effect across the board equally in all parts of Canada. Last year, in the budgetary white paper, the Minister of Finance indicated some policies which now are having the effect of increasing unemployment in the Atlantic provinces. He asked how we could curb inflation and, at the same time, not hurt the slow growth areas. This is a dilemma. The minister, in his recent budget, did not seem to be too concerned about this dilemma.

I could go on to mention little things which might not seem to be too important. The Department of Public Works has gone on a holiday so far as facilities for the operators and fishermen in Atlantic Canada are concerned. We talk about the application of the policies of the Postmaster General (Mr. Kierans) which might not seem to be important in terms of their effect on the hundreds of postal operators in eastern Canada. This might not seem to be too important in relation to the numbers affected throughout Canada; but it seems important to the people in this area.

[Mr. Lundrigan.]

We were happy when the Minister of Transport (Mr. Jamieson) who got his new job because it reduced the unemployment in Newfoundland a little bit, by at least one.

Again, we have the problem of the roads to resources program which was cancelled. This was a move towards national restraint. A number of transportational aids to various parts of Canada have been cut out again to curb inflation and in an effort, so-called, to balance the budget which the minister has promised but has never been able to achieve. Again, this year we have the lifting of the 5 per cent interest rate on loans to farmers and fishermen under the new farm and fishing improvement loans acts. This also was a move perhaps to curb expenditures or lending which certainly imposed additional hardships on the people.

We have the business about the elimination of tariffs. When the minister was speaking about reciprocal arrangements we heard no mention about our neighbours to the south, for example, coming up with similar packages. But he goes on with things of this kind. I do not know whether the representatives of the small industries which are spread around the coast have had an opportunity to talk this over with the minister to learn his attitude and express their reaction to it. He says there has been a fair amount of involvement. I wonder what will happen to the small textile industries in Winnipeg which are now relocating in places like Peguis Indian reserves, and which are trying to make their way. These are very marginal industries, but they are surviving. What about the problem in the eastern townships of Quebec in respect of the marginal textile industries. Again, the minister shakes his head to indicate there will be no effect. I shall wait to see proof of this.

I shall wait to see proof in respect of the marginal industries in Canada, those small industries which are barely existing right now. Extra competition could very well force them out of existence. They are the industries which are in slow growth areas. They are not making very many sales and have transportation costs. These are likely to be the type of industries which will be forced out of existence. I ask the Minister of Finance what kind of policies he has designed to offset the kind of increased unemployment which I forecast will occur in the eastern townships and other parts of Canada in which marginal industries are barely surviving. These are the problems I would like to talk about.

• (8:50 p.m.)

There was in the minister's budget speech, of course, no mention of the fish and chips part of the problem or, if you like, the fish and potatoes—as we call it in my province—part of the problem. I am talking about proposals by the Minister of Fisheries (Mr. Davis) who a few weeks ago announced that special tariff arrangements ought to be made between the United States and Canadian governments in order to allow marine products to go across the border free of tariffs. This would put our fish products in a very favourable position and would increase the competitive nature of our product. It would put more dollars into the pockets of the fishermen on the east coast, who depend largely on the sale of fish, as well as the fishermen on the west coast.

What about the tariff on potatoes produced in Prince Edward Island, or Spud Island as it is affably called at the present time? What about those farmers having to compete under difficult circumstances because of tariffs and not receiving a fair return? These are the kinds of tariff arrangements I would have liked to hear about. But we in this house will not hear anything about fish and chips issues, because, in my opinion, the problems of the so-called slow growth areas of Canada are not recognized by this government. The government is out of tune with these problems; it is so sophisticated in its policies and thinking that it will not consider any of these matters.

Mr. McGrath: Liberal red herrings!

Mr. Lundrigan: I will get around to that in a minute. Another policy of this government which has had a detrimental effect on a great many Canadians is the universal application of certain tax measures. We thought there would be no increase in taxation. I was getting excited about planning a holiday; then I realized that the minister had broken his word to the Canadian people and reimposed the surcharge, if you like, on income tax. The minister has made no effort to bring forward any kind of progressive taxation policy which would help those people who cannot afford to be taxed. In this regard I refer to the old age pensioner who earns $1,100 plus a year and has to pay income tax. If you make more than $1,100 as a single man or $2,100 as a married man, you pay tax on those earnings. These people cannot afford to buy food, let alone pay taxes. But the income tax provisions are applied universally to all Canadians and in consequence the lives of many of them are made much more miserable.

I would like to reflect for a moment on the minister's statement about the array of programs under the new Department of Regional Economic Expansion and the philosophy of the government with respect to same. I contend that this is a very misleading statement. Many people in Atlantic Canada and other parts of this country thought this was the biggest joke in the whole budget speech. I advise the Minister of Finance not to go to Atlantic Canada and tell that kind of joke. We do not mind Newfie jokes, in fact we get a great charge out of them; but we do not appreciate this kind of joke. It really is a joke, because we have the highest rate of unemployment in Canada, and have had for many years. We have the highest cost of living. New Brunswick is on the verge of bankruptcy. Quebec is facing financial constraint. Newfoundland is politically, in one big mess as far as the Liberal party is concerned. However, I will not become involved in that question. We in Newfoundland have an economic situation that is so unfavourable it is almost unbelievable. In spite of these things, the minister tells us about the great array of programs available for our benefit.

If the provincial premiers cannot take a little of the starch out of the hard-nosed attitude of the Minister of Finance and the hard-hearted attitude of the Prime Minister (Mr. Trudeau) in the next few days when they are here, I will be very disappointed. I hope they can do this in their conversations about tax-sharing and the constitution, which are the biggest excuses for not doing anything that I have ever heard. If they do not, I will be a disappointed Canadian. The pseudo strait-jacket of the constitutional argument is one of the biggest farces ever perpetrated. Every time one talks about becoming involved in human resource development, the revision of tax sharing arrangements, and so on, this is the kind of argument we get from the government.

I contend that the government has no policy of regional economic expansion; it has no policy of regional development. Many European countries which have been faced with the same problem show that Canada is perhaps not as aggressive as she should be with regard to regional development. Regional development and regional disparity are defined basically as applying to areas in

which there are large pockets of unemployment, where there are extremely high costs of transportation, low income, and centripetal relocation toward certain parts of Canada which results in a brain drain and the like. These are some of the characteristics of regional disparity. I would like to have heard from the minister a clear statement on government policy in this respect.

As far as government announcements and policies are concerned, we have had a great many escape-hatches and red herrings. A moment ago the hon. member for St. John's East (Mr. McGrath) talked about red herrings. I tell the Canadian people that there are more red herrings in parliament than there were in Placentia Bay. I can talk about red herrings there and here, because I have seen both and am aware of what is going on.

The people of this nation are very disillusioned at the moment because they have been promised the stars, a just society and the elimination of regional disparity, but these things have not come about. I could refer to a number of bills which have been referred to as curing these problems. The house leader is very competent in calculating what the government is doing and is not doing. If he were here he could tell us that 75 per cent of our time has been taken up with such issues as NATO. NATO is very important! Red China has been brought on the carpet. That is a real red herring. We have had the amendments to the Criminal Code; we have set everything up for abortions and homosexuality in Canada. The Vatican has been brought into our discussions and has become quite a controversial issue. We have had the government reorganization bill.

Mr. Benson: Mr. Speaker, I wonder whether the hon. member would permit a question?

Mr. Lundrigan: I have only a few minutes left. When I have finished my speech I will be delighted to respond to any question put by the Minister of Finance.

An hon. Member: Let him raise a question of privilege.

Mr. Lundrigan: Or he can rise on a point of order or question of privilege and I will gladly respond. The government reorganization bill took up a good deal of the time of this house. It is like the jellyfish trying to reshape itself. We have had the official languages bill, which again took up a good deal of the time of the house. Although I believe that the language question and having bilingual Canadians is very important, the basic and most important problem facing this country as far as unity is concerned is the economic one.

Some hon. Members: Hear, hear.

Mr. Lundrigan: Let us consider the situation of a typical rural farmer of Quebec. Quebec has a great deal in common with the part of Canada from which I come. If you gave this typical Quebec farmer $13,000 or $15,000 a year, put a solid chunk of money in his pocket, gave him a coloured television set, a good car in which to drive to work, good roads upon which to drive, enough bread in his cupboard and a good school to which he could send his children, what do you think he would say about the language problem? I do not suggest he would not say anything about it, because if he is from the province I have mentioned he might very well have something to say about the problem, but I suggest he would be a fairly happy man.

• (9:00 p.m.)

We should be assisting those parts of Canada which are disadvantaged because of economic circumstances which frequently have political causes, such as ministers and governments, who do not have the gumption to take issue with these economic problems. They do not do so because they just love keeping their seats warm. If we had a government that took issue with some of our economic problems, I do not think we would have as much talk about the language problem as we have today. In any event there are many Canadians in this nation who are disappointed with a government which, after a year in this parliament, has nothing to tell them so far as economic policies are concerned, so far as programs of development are concerned, and nothing to tell them about the cost of living or the unemployment problem. The minister can sit there and think he is doing a great job. Undoubtedly he is making a great effort, but let him not try to tell the unemployed Canadians, he is doing a great job or the people who now have to pay 2.5 per cent more for their week's groceries than they did in January of this year. Let him not say this to the Canadian people because they will just ask him embarrassing questions. All of us here are protected from the average Canadian because we are removed from him. Perhaps this secluded and protected environment of parliament means that we

are not as attuned to the problems of the Canadian people as we could be, and this goes for me too.

I will not continue at any great length because I hope to have another chance before the next four years are over to elaborate on some of my points. However, I will say that if we do not get some action quickly—and this is my candid feeling and my feeling deep down on this—and if we do not have a government which will show some gumption by taking issue with some of the economic problems facing our nation, then there will be more danger of disunity in Canada than we already have.

I will conclude by saying that I would never get involved in an argument or fight with anyone. In fact, I would laugh at a Newfie joke about me or at anyone reflecting on my accent or my general background, but I would certainly fight if I had no chance to provide a livelihood for my family. I think this is the attitude of most Canadians.

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I wonder if the hon. member would permit me to ask him a simple and easy question. Does he realize that since 1963 when the Liberal government decided to spend some money on the Atlantic Development Board the sum of $60,728,000 has been committed for Newfoundland, $54,892,000 has been committed on New Brunswick, $12,566,000 has been Committed on Prince Edward Island, and $59,134 has been committed in Nova Scotia—

Mr. Deputy Speaker: Order, please.

Mr. Lundrigan: Mr. Speaker, may I—

Mr. Benson: —and $2,198,000 for the Atlantic Region in general for a total commitment in the Atlantic provinces of $189,512,000.

Mr. Lundrigan: Mr. Speaker, may I say in reply that when one can draw this kind of response from the Minister of Finance (Mr. Benson) one realizes immediately that the minister must have got his toes hurt a little. Perhaps I am wrong, perhaps there is no unemployment problem in Canada. This might just be a dirty rumour spread by a lot of people out of work. Perhaps there is no regional disparity in Canada. This may be another dirty rumour spread by many Canadians who cannot find a dollar with which to feed their families. I may be wrong entirely. If I am wrong I will be the first to apologize, but if the minister is wrong I will demand the same kind of courtesy from him.

Mr. Benson: Mr. Speaker, may I rise on a point of privilege.

Mr. Stanfield: On what point?

Mr. Benson: I thank the hon. member for his concern about unemployment. I can assure him that ours is just as great, but I consider $200 million committed in the maritime provinces since 1963 a rather substantial amount.

Mr. Deputy Speaker: Order, please. I will recognize the Leader of the Opposition (Mr. Stanfield) but I wonder if we wish this debate to continue.

Mr. Stanfield: Mr. Speaker, I just want to draw your attention to the fact that the Minister of Finance is abusing the rules of the house.

Mr. Benson: And so is the Leader of the Opposition.

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, the Ralliement créditiste is conscious of the inflationary dangers faced by Canada and it wishes to make its contribution in order to find remedies while the government at this time seems to be running out of effective solutions.

On May 8 last, when several hon. members were asking the Prime Minister (Mr. Trudeau) what measures the government intended to take in order to curb the increase in the cost of living, the Leader of the Ralliement créditiste (Mr. Caouette), in turn, asked the Prime Minister whether he would not consider the serious suggestions made in the house by the Ralliement créditiste and this is what the right hon. Prime Minister answered at that time, and I quote:

> Mr. Speaker, I think that all those who know about such things agree that the suggestions coming from the Créditiste system are, essentially, of an inflationary nature and inflation is precisely what we are trying to fight.

It should be noted that the Prime Minister did not say that his government was going to fight inflation, he simply said that they were going to try.

It will be a test, an attempt, because the Prime Minister knows fully well that he has no assurance of success since the means available to him have never been successful; they have always failed, while prices keep going up, salaries and actual income are subject to erosion and the savings and all forms of ownership are undermined.

The Budget—Mr. Matte

Since the lanterns of the government and of the Prime Minister in particular seem to be switched off, we will attempt to throw some light on this debate without any assurance of success, because, as a rule, the government closes its eyes, and shuts its ears upon hearing of Créditiste suggestions.

To sum up, Mr. Speaker, the causes of inflation may be stated as follows: Efforts on the part of the wage-earners to catch up with rising prices; exaggerated income of some directors and exorbitant profits of certain enterprises; combines, trusts and monopolies that impose unjustified prices of Canadian consumers; taxes and duties of all kinds levied by governments and finally, the banking and monetary policies that are used. Such are in short the causes of inflation. It is on the last one that I should like to lay emphasis, Mr. Speaker.

In 1963, a man went around Quebec and Canada railing against the Créditistes and the solutions they were putting forward on the occasion of the federal election at that time. That man, enjoying the high influence that goes with the title of President of the Montreal Stock Exchange and of the Canadian Stock Exchange, was to find very soon his political reward. He is now in this house, as Postmaster General and Minister of Communications. You know now whom I meant; it is the man who trusted upon the Canadian people the most questionable and the most scandalous postal increase and who contributed, in his own way, to the inflationary pressure.

The Postmaster General and Minister of Communications (Mr. Kierans) was then speaking about a new myth, the "Kierans myth".

Speaking of rising prices and the present inflation, he said, as can be seen on page 8971 of the May 22 *Hansard*, and I quote:

> —what would we gain? We are all affected by inflation, as the value of our dollar, of our deposits in credit unions, of our savings bonds and of our wages, disintegrates under the effect of that cancer.

● (9:10 p.m.)

The Postmaster General and Minister of Communications uses the word "cancer" when speaking of inflation. Inflation is a cancer, he says.

But he must know that a cancer cannot be cured, because we have not yet discovered the medicine, the antibiotics capable of killing the virus which provokes cancer.

[Mr. Matte.]

In the present financial system, the cancer of inflaton will remain incurable as long as they merely put a poultice on a wooden leg, and as long as they refuse to use the new methods which the Créditistes have been proposing for a very long time.

The Postmaster General and Minister of Communications was discussing in the house, on May 22, the value of our dollar which is decreasing. He added that the value of our savings was diminishing, as well as the value of our bonds. The value of our salaries is going down because of inflation. That is what he finally recognizes. Nothing could be truer, Mr. Speaker.

Federal statistics indicate that in March 1969 the cost of living index reached 123.2, compared with 122.6 in February, and 118.6 in March 1968; that is an increase of 4.6 over one year.

And so, the cost of living is rising. Prices are rising. The value of our dollar is going down, we are faced with inflation. The Postmaster General and Minister of Communications is right. Inflation exists. Even the government admits it.

But who leads Canada? The Liberals or the Créditistes? What financial doctrine is applied in Canada? The financial system dear to the Postmaster General and Minister of Communications, or that which the Ralliement créditiste proposes?

The answer is obvious. The Liberals are in power, and there is inflation in Canada. The financial system that the Créditistes denounce governs every economic activity in Canada, and we have inflation.

It could not be otherwise, Mr. Speaker, because the present financial system is, by its very nature, a source of continuous and progressive inflation.

I shall try to prove it in the few minutes I have left.

We have already shown, Mr. Speaker, that there is not a single dollar in circulation that was not created by the banking system. All credit now in existence in Canada was created by the banking system.

And what are the results, Mr. Speaker? Let us give an example:

Suppose an industrialist wants to market his products and applies to the bank to finance his production costs. Having brought the necessary guarantees, that is his equity in his business, the bank grants him a $100,000 loan, on condition he will repay $108,000 in one year, as the interest rate is 8 per cent.

The industrialist, with $100,000 credited to his bank account, starts his production. He pays salaries, buys raw materials and retains his own salary—all those expenses will be included in the consumer prices of his products. Let us say for the sake of argument that the full amount of $100,000 was spent on production and that it is now in the hands of the prospective consumers who are thus able to purchase the products. Please note that the Créditistes deny this.

But the manufacturer does not forget that he must, at the production stage, repay the $100,000 loan he got from the bank.

Neither does he forget that he must also pay $8,000 in interest, on top of the $100,000 he borrowed from the bank.

This manufacturer must thus include this extra $8,000 in his prices, and therefore, a total amount of $108,000 will have to be paid by the consumers who want to buy his products.

This means that the manufacturer will have to get back $8,000 more than he paid into the distribution system. He will have to take in more money than he has handed out. Money must come in in larger quantities than it was distributed. For consumption that results in a deficit in purchasing power and just as in the case of a bank, money must be returned in larger quantities than it was lent out, which is absurd, of course.

The trick will succeed only if the consumers abstain from buying another production. The manufacturer will manage to recover the $108,000 only if he can get from the existing purchasing power the part earmarked to buy that other production that had created this purchasing power. But then, it will be "that other production" which will be confronted with a deficit in purchasing power and which will remain unsold. Thus, a deficit in purchasing power.

I would now like to refute in advance a current objection. We are told that banks put back in circulation as loans the amounts which are paid back, plus the interests.

Let us see what this statement is worth.

Let us suppose that our manufacturer, in addition to paying back $8,000 in interest the first year, repays also part of the loan, say $10,000. This amount of $10,000 will also have to be included in the cost of products, so that the cost will no longer be only $108,000, but $118,000. That is the amount the consumers will have to pay the manufacturer for his production. But since the manufacturer has disbursed only $100,000 during his production, this means that he will have to get $18,000 more from the consumers, the result being an $18,000 deficit in purchasing power.

Let us say the bank puts the $18,000 back in circulation, as new loans. There will be an $18,000 increase in purchasing power. But the $18,000 will have contributed to bringing on the market a new $18,000 production. It is quite clear, except to the Minister of Communications and Postmaster General and to the Minister of Regional Economic Expansion (Mr. Marchand) that the deficit in purchasing power cannot be made up through a new loan to production.

It creates a new debt that only aggravates the previous deficit, consequently there is a progressive and continuing deficit in the purchasing power.

A moment ago I associated the Minister of Regional Economic Expansion with the Postmaster General and Minister of Communications. It is because I was reminded of a moral report that the former president of the C.N.T.U. presented to the members of that organization in 1962, in which he blamed the Social Credit, and I quote:

> If Douglas' theorem was true, the whole of the economy would be paralyzed for some time for and we would be in a state of permanent crisis. We have numerous grievances against the economic system under which we live. We cannot accept, for instance, that so little energy is spent to attack the problems of unemployment, slum clearing and social security.

• (9:20 p.m.)

Today I ask the Minister of Regional Economic Expansion whether it is not a fact that the economy is crippled and that we are going through a crisis. The Postmaster General and Minister of Communications says that we suffer from cancer.

Of course, goods end up by being sold, if they are not left to spoil or if they are not finally destroyed, the effect of which is to boost production and give work to the unemployed. But that is possible only if we pay the price.

And that price, Mr. Speaker, is the indebtedness at every level of government, the indebtedness of corporations and individuals to such an extent that it is unthinkable that such debts can be paid up one day.

The indebtedness of the federal government: $32,926 million; of provinces: $12,642 million; of municipalities: $6,597,437,000; and of individuals: $9,030 million; towards sales

financing companies, consumers loan companies, chartered banks, Quebec savings banks, etc.: $61,954,437,000.

It is because of that indebtedness and at the cost of financiers controlling the whole national economy and the life of every Canadian that our economic system has not yet collapsed, and still subsists, though dangerously.

But as the Postmaster General and Minister of Communications said so well, it suffers from cancer and the end is near.

It is not surprising, Mr. Speaker, that so little effort is expended to deal with the problems of unemployment, housing and social security, as the Minister of Regional Economic Expansion also stated.

It is not surprising because the present system is on its last legs. It is finished, broken; the people, the governments are broken, submerged by debts, and the only remedy is to propose austerity measures, to ask us to tighten our belts, because money is scarce.

During the 1963 election campaign, the apponents of the Social Credit party, with the Liberals in the lead, proclaimed far and wide that a Social Credit system would create monetary inflation.

The Liberals paid for full-page ads in the newspapers owned by financiers to show that under a Social Credit government money would lose so much of its value that a truckful would be needed to buy a pair of shoes.

They even published photographs showing people in Hungary and Germany burning their money or using it to paper their walls because their banknotes were worth less than ordinary wallpaper. However, they forgot to mention that such things happened under the present financial systems of Hungary and Germany and not under a Social Credit regime.

For under a Social Credit system, inflation would be impossible, whereas the present financial one cannot escape it.

What is inflation? The word "inflation" means simply "swelling". Inflation recalls some unhealthy and abnormal distension.

For instance, obesity is a kind of swelling and the dropsical subject happens to be inflated. Such distension is unhealthy and unnatural. The growing child, who puts on weight, does not swell. It does not get inflated, although it gets taller and bigger to a much larger extent than the dropsical or obese subject.

[Mr. Matte.]

As applied to an increase in the volume of money, in the number of dollars in circulation, the word "inflation" constitutes an unhealthy expansion, an abnormal swelling.

On the other hand, some economists give to the word "inflation" the pure and simple meaning of an increase in the quantity of money in circulation. Thus, some may contend, to the great confusion of the public who does not understand too well, that inflation must be prohibited, ostracized, while others claim that it is desirable, because they recognize that the volume of money should be increased and that a certain amount of inflation is necessary.

As for us, we think that inflation is definitely wrong, harmful and that it should be denounced. But that kind of reasoning should not be pursued so far as to fear any increase in available funds on the ground that any monetary expansion is a catastrophe.

The Créditistes are of the opinion that a greater purchasing power essential to the people's prosperity and welfare, which would correspond exactly to the increase in production, would not affect in any way whatsoever the value of money and would be put in circulation without causing inflation, if the monetary growth is equal to that of production. This is a technical and mathematical problem. Owing to statistics which the government receives all the time through its various departments, it is aware of the increase in production, chiefly by analyzing the price index. A Créditiste government would put in the consumers' pockets the money corresponding to such an increase. This new purchasing power to buy a new production, being directly distributed to consumers without going through a production system and not being therefore related to prices, would not cause inflation.

When taxes become insufficient money is the loser.

They want to dominate the economy, socialize welfare, give to everybody but in order to do that they must take from everybody. What is not received from taxes is obtained from money.

Mr. Henri-Ernest Blanchenay, banker, chairman of the board of the Private Bank in Geneva, and member of the Edmond Rothschild group, gave the history of the Eurodollar in those terms and he established the possible repercussions of that market on currencies and their progressive depreciation. Mr. Henri-Ernest Blanchenay was the lecturer, on April 23, 1969—

Mr. Speaker: Order. I regret having to interrupt the hon. member, but his time has expired.

[*English*]

Mr. Stan Schumacher (Palliser): Mr. Speaker, when the Minister of Finance (Mr. Benson) delivered his second budget last Tuesday evening he said it was not calculated to increase his popularity. This may be true, but what I, and I believe a good many other Canadians, would like to ask is why it had to be calculated to increase his unpopularity.

At the outset of my remarks and before going into the many shortcomings of this budget, I should like to say that the minister should be congratulated for introducing the concept of selectivity in the taxation policies of this government. I only hope that this important principle can survive its clumsy and perverse application by the minister to the successful and productive regions of our economy, in a way that has little hope of assisting poorer regions and with no possibility of significantly increasing our national productivity, which surely must be the key to solving the problem of inflation in this country. Let us hope that this policy called selectivity is not discarded through dislike or the failure that will surely result from the application of discrimination, which is the real villain of the piece. Because let us face it, Mr. Speaker: this budget is in fact a very discriminatory one. What the minister should have done—and one does wonder just what the great thinkers in the minister's department were really up to when they produced such a budget as this—was seriously to consider which type of construction is desirable and which type is not; in other words, which type of construction will be productive in real terms and which type will not.

I think one can say, because it is pretty well agreed, that the service station type of construction is not really essential in increasing productivity in this country. This being the case, what great good is going to come to our economy by discouraging such construction in Toronto, or Calgary, or Edmonton, or Vancouver in the expectation of its being shifted to Montreal or Halifax? About the only good that can come from this type of discrimination is some sympathy from the so-called wealthy urban centres for the position of the western dairy producer, who has been discriminated against by the transfer of some eight million pounds of cream quota to Quebec at a time when the area is a net importer of butter.

In summary of this aspect of my remarks, I would say that the reward-punishment approach to the location of industry has proved to be a failure. I would cite the example of the move made by Clairtone to the province of Nova Scotia, which has not worked out as well as was hoped. The important thing is to decide which industries are to be assisted and get production flowing. It does not really matter where they are located if they are in fact producing goods. We do not want to cut down in one area merely to add to another. That is no way to increase productivity in the country. It would be more logical to limit the types of buildings authorized on a selective basis. Thus, the builders of gasoline stations, shopping centres and movie theatres could be penalized on a national scale, with far more productive results.

• (9:30 p.m.)

If I may, Mr. Speaker, I should like to turn to a glaring omission in this budget. It concerns the area of consumer credit. Nothing has been done to limit instalment purchases. Surely, the minister must realize that those buying on time are not using the most appropriate weapon to fight inflation. That method of buying is utilized by hundreds of thousands of persons who, frankly, do not believe that this government is determined to lick inflation. They use time purchases as a hedge against the results of this government's spending policies. The high interest rate solution to this problem proposed by the minister might work if we could see one scintilla of evidence that the government is really serious about solving the problem of inflation.

How can anyone take this government seriously in this regard, especially when it steadfastly refuses to cut back its own outrageous spending habits. The minister boasts he will balance this budget. I hope he will forgive my saying so, but I will believe that when I see it. Even if he were to balance the budget, Mr. Speaker, what comfort could our taxpayers take from a balanced budget of $11,775 million. That is $1 billion greater than the previous budget. I simply ask, Mr. Speaker, why should you or I, provinces, municipalities and corporate and private citizens in this country, hold the line in expenditures when the federal government makes evident by its actions if not by its words what it really thinks about the problem of inflation. I ask, where are those glaring examples of government restraint? There is to be an increase of over $3 million to the Canada Council, which now milks the Canadian taxpayer for almost $24 million annually and does not live on the $50

million endowment with which it was originally established. What about the $15 million increase in the grant to the C.B.C., which now receives a total of $166 million annually? To that figure must be added the $65 million which is the cost of the headquarter building to be erected in Montreal. There has been no restraint in that area at all.

To help in controlling this problem of consumer credit and to assist the bond market, I suggest a practical approach would have been for the government to allow tax credit for that portion of a person's income invested in bonds, no matter whether they be federal, provincial or municipal. A ceiling should be set on the amount invested so that the extremely wealthy people of this country do not take undue advantage of this provision. If that idea were adopted it would have the effect of attracting money into savings, and pressure would be taken off the consumer credit field.

I think it is apparent to everyone that high interest rates do not deter people from buying on time. They still expend their resources in fields of consumer credit. Of course, one of the difficulties of our situation has also to do with the money supply. Last year, in one of its gross miscalculations, the government decided to increase the money supply; between May and September it increased that supply at an annual rate of 20.5 per cent. Is this the way to cool the economy, Mr. Speaker?

I think the minister and the government ought to consider abandoning the fixed exchange rate with respect to the Canadian dollar. Such action would force the government to practice what it preaches because, if it were to carry on as it now is carrying on, our dollar would be driven right down in value. If we were to abandon the fixed rate of exchange we could stop importing inflation from the United States. As I say, such action would force the government to behave reasonably. After all, prevailing conditions now are not similar to those of 1962 when the fixed exchange rate was established. The government should face that fact.

Those able to travel to other countries are the beneficiaries of new regulations affecting duty. In that regard the government has discriminated against lower income people of this country who cannot afford to travel and who are hardest hit by this great social development tax which was imposed in the previous budget.

An hon. Member: Shame.

[Mr. Schumacher.]

Mr. Schumacher: Why did the government not make reciprocal arrangements with other countries? Our economy would benefit from money spent by visitors from other countries. The same could be said about changes in the tariff rates. Before saying that the rates which were to come into effect in 1972 will come into effect now or in the near future, why did the government first not enter into reciprocal arrangements with other governments to make sure that our goods enjoy lower tariffs when entering other countries. Apparently our government made no such effort which would have helped the Canadian economy. All the government did was introduce certain changes which will have the effect of throwing thousands of our people out of work. They will bear the brunt of the changes. That may not have been the intent of the government's policy, but the practical results of that policy will be hardship for some in our country. Why did the government not try to ease our burden by obtaining reciprocal benefits from our trading partners.

As I said at the beginning of my speech, I hope the selectivity principle the government seeks to implement in this budget will not be abandoned in the future. I think it is a good principle. Nevertheless, I think we all recognize that it is a mistake to impose selective programs on a geographic basis. By tackling the problem that way you are not getting at the root; you are only penalizing success. Surely, we want increased productivity in this country. Increased productivity should cure our inflation problem. We must obtain growth in real terms. To penalize our productive areas in order to help our unproductive areas will not help in the solution of our problems. So far as possible the principle of selectivity ought to be applied on a national basis. Of course, we should try to help those areas that will respond most quickly to aid. If necessary, such areas ought to be assisted at the expense of potentially less productive areas.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, may I first congratulate the Minister of Finance (Mr. Benson) for his budget speech, the most commendable aspect of which was its brevity. I believe he established a precedent. It was one of the shortest speeches in recent years. Another aspect which I think will go to the minister's credit is the fact he has been able to bring in a balanced budget after many years when budgets have not been balanced. I recall the statements of some of

his predecessors about the necessity of keeping unbalanced budgets in a period of inflation such as we have at the present time. We must commend the minister's policy in this regard and his determination to bring about a balance between expenditures and income.

• (9:40 p.m.)

There is one aspect which really has not been emphasized as it should have been and that is the means by which the minister brought about the balanced budget. There is no doubt that one of the main reasons for a balanced budget is the extra income that has come through the social development tax on both personal income and corporations. Last fall, in his first budget speech, the minister introduced this special tax. He made it very clear that this was to be a temporary tax and that it was intended to cover the extra cost of medicare and social development. That is how this tax levy on incomes was described.

If this was the basis for collecting this tax, since most of the provinces have not seen fit to use this money by not participating in the medicare program, this money should either have been refunded to the Canadian taxpayer from whom it was collected for a specific purpose or at least put into a trust fund to take care of the inevitable escalation of cost when medicare is actually adopted by the different provinces, if it ever is.

It seems the budget has been balanced on what might be called false pretences or by a false tax that was intended to provide a social service and not to make up the lag in income or assist general income in catching up with expenditures. This point, although seemingly insignificant, is important because the government should assume the responsibility of ensuring that taxes are used for the purpose for which they are collected.

If medicare is part of social development, and if the various services that come under this classification are not extended to the point where they use the money collected to finance them, then this money certainly ought to be held in trust for that purpose. At this time, however, it is going to help add a bit of glitter to the Finance Minister's crown for his ability in having balanced the budget.

There is a false philosophy behind the whole area of finance as it relates to the problems of governments and taxpayers. After all, there is only one source of tax dollars and that source is the taxpayers' pockets. Regardless of whether the money is expended by the federal, provincial or local government, it is the taxpayer who pays.

Some of the greatest needs in this whole area of governmental expenditure do not really fall within the responsibility of the federal Minister of Finance (Mr. Benson), but rest with the provincial Ministers of Finance, and in a greater way are the responsibility of local government. Unless in this whole taxpayers' pie there is sufficient money for local government in particular to pay for those services which they are expected to provide to the public, then government is the weaker for it.

I think the most legitimate criticism of this budget is that which comes from those responsible for local governments who are desperate in their need of public funds, which finance much of the social services which Canadians require. Whether it applies to housing or to the development of such social programs as health and education, it is the local governments which are responsible for carrying these out. This is why the discriminatory tax policy as it relates to the three have provinces, Ontario, Alberta and British Columbia, seems to be a backward philosophy.

How can cooling down the economy in Calgary help the economic situation in Halifax? How can cooling down the economy in Toronto help the city of Winnipeg? The whole philosophy of cooling down, in my opinion, is a philosophy which ought to be reversed. Those who are blessed with the good fortune of being able to move forward at a greater speed of development than other areas should be encouraged to do so, with the incentives and if necessary the assistance going to those areas less fortunate so that all can move forward at a greater speed. It is a false premise that in holding back in some areas, somehow those less progressive economies as far as regions are concerned are going to catch up with the rest of the country.

This kind of philosophy that has entered into this budget is something new. While it may be new, it certainly is not getting at the root cause of public financing as far as individuals in this country are concerned. Unless the federal government, which has financial prerogatives within its areas of authority, does more to assist the lesser governments in the country in their problems, then progress as far as economic development is not going to go forward. This applies to housing as well as urban renewal. One of the main problems facing Canada today as it

relates to housing is the shortage of capital on the one hand and the tremendous cost of the available capital on the other.

The kind of policy the Minister of Finance is bringing out in this particular budget will only increase the cost of money and do nothing about freeing the sources of money that are necessary for the kind of development which housing represents. It is not just housing, but urban development. It is not just urban development but the capital cost of services such as hospitals, schools, sewage and water systems. Perhaps there is no more important area in this whole field of local governments, and as it relates to provincial governments as well, than the field of education. Presently in the hands of our secondary governments, particularly local governments, there is not sufficient access to tax capital to pay for the cost that these governments face, except at exorbitant interest charges.

While on the one hand we congratulate the Minister of Finance for bringing in a balanced budget, on the other hand we must face up to the fact that the kind of policies that permitted this to come about at the present time are not the policies that are going to fit the future needs of Canada as they relate to some of the inevitable responsibilities that other levels of government face.

It is interesting to note the Prime Minister (Mr. Trudeau) clearly talks about getting out of tax-shared programs and turning back to the provinces responsibilities which the federal government has taken unto itself in recent years in increasing measure. In many cases provincial governments have had shared programs imposed upon them about which they have had very little to say in determining policy. He now says such programs can be turned back to the provinces. He can get rid of this responsibility and put it back in the hands of the people where the constitutional authority and responsibility lies, but where will the tax resources come from?

• (9:50 p.m.)

It is all right to say this on the one hand, Mr. Speaker, but it is another thing to meet the over-all problem of finding the financial resources for governments at these other levels to carry out these responsibilities. This is why it is imperative for the federal government not just to set the tone, or establish policies but to take the lead in working out over-all responsibilities that face local and provincial governments in these vital areas that have so much to do with the development of social programs, programs which we

certainly ought to be able to finance at this time.

This brings us to a consideration of the over-all tax picture as it relates to tax income and tax resources of governments. I do not believe the Minister of Finance is giving consideration to this area. At least if he is, he is not informing us about it, and we can only hope that the promised white paper will bring out something on it. I am speaking of the relationship of the total cost of government to the actual earnings of the Canadian people.

We find ourselves in a position where nearly 50 per cent of all the money that Canadians earn—and here I am speaking of net earnings—go to pay the cost of government. I am not talking about gross national product at this time because gross national product is a fictitious term that has only an indirect relationship to the actual earnings of people. If you add up the cost of the federal government, of the provincial governments and of local governments you arrive at a figure that comes to very nearly 50 per cent of the total earnings of the Canadian people as those earnings relate to salaries, commissions, dividends, the sale of produce and all of those areas of income that can be directly classified as earnings coming in to the pockets of the taxpayers.

Historically, the danger signals flash when one looks at this picture. History shows that no free society has every remained free, and sustained the vitality that brought it to the point where it became free, when governments took back from the citizens of that society more than 50 per cent of that which they actually earned.

Mr. Kierans: May I ask the hon. member a question?

Mr. Thompson: The Minister of Finance may feel very smug and happy with his budget at this time—

Mr. Kierans: Mr. Speaker—

Mr. Speaker: Order. Is the minister rising on a point of order?

Mr. Kierans: I would like to ask a question of the hon. member.

Mr. Speaker: Order, please. The hon. member for Red Deer has the floor and a question can be asked of him only if he will allow it.

Mr. Thompson: I have only a few minutes left, Mr. Speaker, and so I will just finish the thought I have.

Mr. Kierans: I was only going to ask the hon. member would he furnish the house with his information relating to this 50 per cent?

Mr. Speaker: Order, please.

Mr. Thompson: Mr. Speaker, I would be very glad to do that, although I do not have the actual statistics tonight to be able to quote them exactly.

Mr. Kierans: You certainly haven't.

Mr. Thompson: But you add the cost of the federal government, which is now approximately $11.5 billion according to this budget, to the total of the provincial budgets —the actual amount the provincial governments spend—and add that again to the cost of local governments and you come up with a sum total that nears 50 per cent of the total earnings of the Canadian people, according to the last statistics that are available.

Mr. Kierans: You said 50 per cent.

Mr. Benson: It is really 35 per cent.

Mr. Speaker: Order.

Mr. Thompson: Mr. Speaker, there was an interjection from the other side to the effect it is really 35 per cent. It is 35 per cent of the gross national product, but the G.N.P. and the net earnings of the Canadian people are very different. In the gross national product there are many elements that have nothing whatsoever to do with the earnings of the Canadian people, and the Minister of Finance ought to know this.

Mr. Benson: Would you define gross national product?

Mr. Thompson: I beg your pardon.

Mr. Benson: Would you define gross national product?

Mr. Speaker: Order please. The hon. member has only two or three minutes to go and perhaps he might be allowed to continue his speech without interruption.

Mr. Thompson: The Minister of Finance is asking me to define the gross national product. If he does not know what the gross national product is he had better go back and learn some basic economics.

Mr. Benson: I certainly do know.

Mr. Thompson: There are at least a dozen elements in the gross national product that have nothing to do with the earnings of the Canadian people. When you collect taxes out of the taxpayers' pockets you collect money which they earn and which comes into those pockets either as salaries, dividends or from the sales of produce.

Mr. Kierans: How about governmental transfers?

Mr. Thompson: Governmental transfers do not enter into the picture on this at all.

Mr. Kierans: I am trying to help.

Mr. Thompson: Mr. Speaker, if the Postmaster General (Mr. Kierans) will—

Mr. Kierans: I am trying to give you some help to get up to your 50 per cent.

Mr. Thompson: Mr. Speaker, if the Postmaster General would do a little better job in looking after the situation that he has in the Post Office Department as it relates to the delivery of mail, since some of the policies he has established have upset many of the areas of the economy, some of the metropolitan areas of the country would have less of a problem so far as the financial picture is concerned.

But, Mr. Speaker, the Postmaster General has brought up a very interesting question, and so has the Minister of Finance. As it is now ten o'clock I serve notice that tomorrow I will bring you the exact statistics relating to what these gentlemen are talking about so that if they do not know what I am talking about I will be able to provide the statistics for them.

Mr. Speaker: Order. I understand the hon. member has approximately two to two and a half minutes left to complete his speech. I wonder if it is the sense of the house that he might be allowed to complete his remarks tonight, or would the hon. member prefer to have his two minutes tomorrow?

Mr. Thompson: It is ten o'clock and I have only had about 15 minutes.

Mr. Speaker: The hon. member has had more than 15 minutes now. It being ten o'clock the house will now proceed—

Mr. Thompson: I started by that clock opposite at a quarter to ten.

Mr. Speaker: The hon. member is not the timekeeper of this institution.

Proceedings on Adjournment Motion

Mr. Benson: On a point of order, Mr. Speaker, we on this side of the house would be very pleased to give the hon. member extra time tomorrow to explain his definition of what he is talking about.

Mr. Speaker: In accordance with Standing Order 40, a motion to adjourn the house is now deemed to have been made and seconded.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under Standing Order 40 deemed to have been moved.

SOCIAL SECURITY—POSSIBILITY OF LEGISLATION TO DECREASE FAMILY ALLOWANCE AND OLD AGE BENEFITS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, a good deal of the discussion that has taken place today has revolved around the problem of inflation. I am concerned about those people in our country who suffer most because of inflation, and I feel that they cannot be asked to wait for some future millenium when the problem of inflation will have been solved. I believe they have the right to expect an improvement in their position right now. I refer to those on old age pensions and others on fixed income. That is by way of an appropriate preamble to the question which puts me on this late show tonight.

My question was asked on Monday, May 12. It is to be found in *Hansard* at page 8563. My question was as follows:

> Mr. Speaker, may I direct a question to the Minister of National Health and Welfare. Does the government have any intention of introducing legislation to eliminate or cut back either the family allowance or old age security pensions?

The Minister of National Health and Welfare (Mr. Munro) replied as follows:

> There is no government decision one way or another in respect to this matter. If there should be any intention on the part of the government in this regard, it will be announced as a matter of government policy.

Hansard then records me as follows:

> A supplementary, Mr. Speaker. Is the minister not in a position to assure us that, whatever else will be done in the field of social legislation, the means test will not be put back on either of these two pieces of legislation?
>
> [Mr. Speaker.]

At that point there followed one of those friendly confrontations that we sometimes have with the Chair and of course the Chair won, whereupon I simply said, "Ten o'clock". Accordingly I am here tonight to express the hope that the parliamentary secretary, who I see is in his place to respond for the Minister of National Health and Welfare (Mr. Munro), has been authorized to make a clear and simple statement in response to my question. I feel very strongly that the old age security pension and the family allowance should be increased. But at least I believe that all Canadians are entitled to the assurance that there will be no cut-backs and that the means test will not be put back on either of these pieces of legislation.

• (10:00 p.m.)

In my view the most significant, the most important steps ever taken by the parliament of Canada in the social welfare field were those steps which put these two pieces of legislation, family allowances and old age pensions, on a basis of universality so that their benefits go to our people as a matter of right. I believe that any step away from the principle of universality would be a retrograde step unworthy of the parliament of Canada and unworthy of the group of people who happen to form the government of this nation.

The noises made by the Prime Minister (Mr. Trudeau) and by the Minister of National Health and Welfare in recent weeks have given some people cause to fear that the reviews which are taking place should result in a cut-back on these programs, the elimination of one or other of them or the implementation of a means test in respect of either family allowances or the old age security pension. I plead in the name of all Canadians that this not be done. I plead as a member of parliament that this most important social advance, the principle of universality, stand for all time. Indeed, I ask the parliamentary secretary tonight to give us the assurance that whatever else may be done as a result of the review of our social legislation there will be no cut-back in family allowances or in the old age security pension and that there will be no means test put on either of these important pieces of Canadian social legislation.

[*Translation*]

Mr. Rosaire Gendron (Parliamentary Secretary to the Minister of National Health and Welfare): Mr. Speaker, I think that the concern expressed by the hon. member for Win-

nipeg North Centre (Mr. Knowles) is a generous concern shared by this government.

I had the impression that on May 12, the minister had answered in the house the hon. member that the government was in the process of reviewing the whole area of social welfare legislation, including family allowances and old age pensions.

This review is still going on and if, following discussions, suggestions are made, they will be announced by the minister in due course. And I think there is reason for hoping that the hon. member will be able to commend those measures which, I have no doubt about it, will prove very timely.

[*English*]

EDUCATION—EMPLOYMENT OF CANADIAN SCHOLARS IN CANADIAN UNIVERSITIES

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I much regret that the Minister of Manpower and Immigration (Mr. MacEachen) is not here. This question was asked on May 20, a long time ago, and arrangements could have been made to answer it. As he knows this is one of the questions which greatly trouble the Canadian people today; namely the problem of the products of Canadian universities not being utilized in Canadian universities. I am sorry the minister is not here because I should like to say to him that the indictment that was made by a certain newspaperman some time ago has made me reluctant to bring up this matter. I did so on May 20 because of my own background in the halls of academe, to which I may return before too long.

I know it is easy to talk of the free market of ideas, the universality of education and to sneer at nationalism and chauvinism. When I became interested in this question it was not because I had any truck nor trade with anti-Americanism. If there is anything that would cause me more pain as far as our universities are concerned—and I recall this very well—it would be Canadian universities to be conducted again in an Oxford accent. But I do think there is no clear picture of what is happening in Canadian universities today. Both federal and provincial governments should try and find out what is indeed happening. It is a very serious matter and we should face up to what is happening to the products of our universities. Are the products of Canadian universities not good enough for employment in Canadian universities?

If this indeed is the case, it is a serious an damning indictment of the existing institutions so dominated at the present time by non-Canadian faculty and administrators. If there is definite discrimination against Canadian products of Canadian universities, the Canadian people should know. Universities, if they ever were, are no longer isolated from the stresses and strains which tear a society apart in this and other countries. Universities today must also be alert to dangers they once thought of, if I may be pardoned the expression, as academic, if they thought of them at all. Academic freedom today is not assailed from big business or big politics without, but frequently from a minority faculty and a minority of students from within. This, together with other questions, should be examined by universities, not in the ancient clichés of the past but in the needs and portents of the moment.

I congratulate Professors Steele and Matthews, whom I have never met, for bringing this important matter into the arena of debate. I note some of their frightening data: In the past academic year Canadian universities hired 1,013 United States professors, 545 British professors, 722 from other countries and 362 in Canada. I am less troubled about those who were hired than I am about many distinguished graduates of Canadian universities and Canadian backgrounds who must have had to go elsewhere when they were rejected or not even considered for employment in Canadian universities.

As I have said, the data is frightening. The Department of Manpower and Immigration must be concerned about the multitude of university undergraduates who this summer cannot find jobs, whose careers are blighted by the dismal employment prospects. Surely, that concern—must be extended to the products of our graduate centres, to the end product of the university process in Canada.

We in this house and elsewhere call for ever increasing governmental aid to our institutions. This is how it should be. I was particularly impressed by the Macdonald report, brought out not long ago, which underscored the need for greater and greater assistance in this respect. But if we turn out Canadian people who are scorned by the very Canadian institutions we are seeking to sustain and advance, should not searching and perhaps painful questions be asked?

I repeat that I know the old slogans of the free market of ideas, the universality of the educated community and the ecumenical

nature of scholarship. But when I read that only 16 per cent of university positions last year went to the graduates of Canadian universities, I wonder whether Canadian universities are perhaps becoming the fall guys of the intellectual community. Perhaps without chauvinism, without narrow nationalism and without anti-Americanism we should very soon take a hard look at this. Of all ministers this minister, to whom I originally directed my question, who is not here and who did not have the chance to answer, must and should be concerned about the mobilization and utilization of our intellectual resources. It is hardly original to say that these are the resources which will make Canada great or something less than great in the years ahead.

• (10:10 p.m.)

I submit that it is time for the government of Canada, so deeply involved in sustaining our universities, to look at what happens or does not happen to the products of these universities. I think there is in this a useful avenue for the Department of Manpower and Immigration to take note of what is happening to our educated people in this country.

Mr. Gérard Loiselle (Parliamentary Secretary to the Minister of Manpower and Immigration): Mr. Speaker, I want to congratulate the hon. member for Hillsborough (Mr. Macquarrie) for asking the question again. It is too bad that we only have three minutes in which to reply concerning all the work and the concern of the Department of Manpower and Immigration about the question of employment of Canadian scholars in Canadian universities. The proportion of foreign born teachers in our universities is substantial. There are two reasons for that. First, the rapid expansion of university facilities and enrolments in recent years has created a strong demand for teachers. Second, the graduation of Canadian scholars in the past has not been so large that one could expect it would meet all the needs of universities and research organizations.

Estimates made in the department indicate that Canadian universities will not graduate enough Canadian scholars to fulfill their academic needs until at least 1973. These studies have been made by the Department of Manpower and Immigration. The department makes placement services available both to universities and to faculty members through their network of more than 50 student placement and career planning offices at university and community colleges across Canada where more than 200 manpower counsellors are employed on a full time basis. Through our operation retrieval, teams which included a representative of Canadian universities have travelled abroad, interviewing Canadian students with a view to informing them on employment prospects in Canada.

Academic vacancies in Canada are made known by at least two reports. The Association of Universities and Colleges puts out a listing of academic vacancies in Canada which is made generally available. The department, for example, purchased several thousand copies of this report which were mailed to Canadian scholars in other countries. The department also produces a directory of Canadian employers of university graduates, which includes academic as well as other opportunities. Published information is also widely distributed, both about Canadians looking for employment in universities and about university openings available for potential academics. For example, the department publishes a list of Canadians studying abroad and seeking employment in Canada, which is provided to Canadian universities as well as to other Canadian employers. The Association of Universities and Colleges of Canada sent out lists of N.R.C. and Canada Council award holders to all Canadian universities.

The department recognizes that the labour market for university teachers is an international market, and tries to adapt to that condition. For example, on direct requests from Canadian universities, our immigration offices abroad will assist in the recruitment of teaching staff and specialists not available in Canada, and the department is always looking forward to improving the situation in that field.

If the hon. member knows of some other way of proceeding, the department will certainly be interested to hear of it. A few moments ago he mentioned that there is no clear picture. Perhaps the hon. member does not see the picture as clearly as the department does, but the department is working very hard on that serious question.

[*Translation*]

REGIONAL DEVELOPMENT—PROGRAM FOR NORTHERN ONTARIO

Mr. Gaétan-J. Serré (Nickel Belt): Mr. Speaker, recently I asked the Minister of Regional Economic Expansion (Mr. Marchand) whether his department was contemplating the drafting of an economic expansion program intended for the less fortunate areas of northern Ontario.

Mr. Speaker, I could not get an answer to that question of the utmost importance for the population of northern Ontario, and I am grateful to you for having allowed me to discuss that matter in the house tonight.

Mr. Speaker, northern Ontario is a wide area—four-fifths of the province—which is extremely rich in natural resources. There are in many centres of northern Ontario almost inexhaustible ore deposits and forests, but it seems that those resources are not developped as they should be.

We all know that those mining deposits are not inexhaustible. They are called to disappear one day. As soon as a mine is being worked, it has started to die because what is extracted from the earth is gone forever.

We must recognize that the large mining companies have greatly contributed to the development of northern Ontario. However, only one sector of the population benefits from mining operations. The people who live in areas far removed from the mines do not get any advantage and even in those mining centres there is a considerable number of people who cannot find decent work.

Northern Ontario greatly needs secondary industries. Everybody cannot work in mines. I am especially thinking of older persons whose health prevent them from working in mines, but who could certainly work in manufactures or other secondary industries. We meet a considerable number of those people who can no longer work in mines while they are still relatively young, even in their forties, because of ill health.

I am also thinking of the increasing number of young people who have studied to practise a profession or a trade and who have to leave to seek their fortune elsewhere, in the southern part of the province, for example, on account of the lack of opportunities in the North.

There is no employment for young people in the North. This problem is becoming increasingly acute and the student population in northern Ontario is at present one of the largest in the province.

I am also thinking of women who have trouble finding adequate employment, considering our industries are oriented towards mining and forestry.

There is also the large number of farmers who vegetate due to lack of financial assistance for the development of their farm into an economic undertaking and also due to lack of assistance and coordination for the marketing of their products.

The ARDA program does very little to help and lead the farmers who are disappearing from the whole northern region of Ontario.

Mr. Speaker, the need for an economic development program is urgent in northern Ontario.

First, I think the Department of Regional Economic Expansion should initiate immediately a socio-economic study of that region.

Moreover, unemployment should not be the only criterion to designate an area. Those figures do not always give a true picture of a region. Even if they show, for instance, very good economic conditions in the Sudbury area, I want to point out that there is extreme poverty in some spots in my riding of Nickel Belt and in many regions of northern Ontario.

Mr. Speaker, the northern part of Ontario has not always received adequate attention from Toronto or Ottawa authorities. There have been many major problems for a long time. The means of transportation and communications are not sufficient.

We have to import everything from the outside: goods, various products, for example, machinery and various mining equipment which could very well be made in the region.

Freight rates are very high in northern Ontario. A review of those tariffs is necessary so that local producers may compete with other areas in the province and in the country.

● (10:20 p.m.)

Mr. Speaker, I could give you a long list of many other problems peculiar to northern Ontario and come up with many suggestions to solve them, but time is running out.

However, I propose to take those representations to the Prime Minister (Mr. Trudeau) and to the Minister of Regional Economic Expansion, both having shown much interest in the situation in northern Ontario.

The Minister of Regional Economic Expansion has already shown a marked interest in our area of northern Ontario by coming last weekend to see what the problems were, while visiting various centres in our region, in particular North Bay, Cochrane and Kapuskasing.

I strongly wish that the Minister of Regional Economic Expansion, when choosing new designated areas, will seriously take into consideration the constituency of Nickel Belt which is not as developed as the city of Sudbury.

In concluding my remarks, I hope that he will give favorable consideration to the claims I am setting forth tonight and that he will see fit to implement an economic expansion program in northern Ontario as soon as his bill providing for grants to regional development becomes effective.

[*English*]

Mr. Russell C. Honey (Parliamentary Secretary to the Minister of Regional Economic Expansion): Mr. Speaker, the hon. member has presented a very good case and given a very good description of the situation as well as some of the conditions in northern Ontario. I think this is to be expected, because in his time in the house he has shown a concern not only for his own riding of Nickel Belt but for the situation in all of northern Ontario. Certainly, that has been demonstrated to those on this side, if I may speak for the minister who has responsibility for correcting regional economic disparities in Canada.

As the hon. member has mentioned, the minister was in northern Ontario this past week looking at the conditions there and talking with officials and interested people. He was pleased that the hon. member who has raised this matter was one of the people whom he met in northern Ontario last week.

As the minister has previously told the house, officers of his department have been consulting the provinces about the future programs of the department. As the minister has said, no decisions in regard to naming designated regions under the new legislation will be taken until the legislation, Bill C-202 in respect to the Regional Development Incentives Act, which was given second reading on Friday last and is now before the Standing Committee on Regional Development, has finally been passed by parliament.

When this happens there will, of course, be further consultations with the provinces before final decisions are made in regard to designating regions, as provided under the legislation. However, I can assure the hon. member, as the minister assured those he met last week in northern Ontario, that the interest and concern shown in the area will be very much in the minister's mind. Indeed, the situation in northern Ontario is very much in the minds of the officials of the department. As I say, further consultations will take place with the provinces prior to any final decisions being made.

Motion agreed to and the house adjourned at 10.27 p.m.

HOUSE OF COMMONS

Tuesday, June 10, 1969

The house met at 2 p.m.

ROUTINE PROCEEDINGS

FISHERIES AND FORESTRY

Ninth report of Standing Committee on Fisheries and Forestry—Mr. Crossman.

ORAL QUESTION PERIOD

FINANCE

EFFECT ON CANADA OF INCREASE IN U.S. PRIME LENDING RATE

Hon. Robert L. Stanfield (Leader of the Opposition): I should like to ask the Minister of Finance a question arising out of the announcement yesterday that the prime lending rate in the United States would rise to the unprecedented rate of 8½ per cent from 7½ per cent. Has the minister had an opportunity to confer with the appropriate officials and is he prepared to give the house any information as to the implications of this move for Canada? May I also ask whether he has any measures to propose with regard to this situation?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, the increase in the prime lending rates charged by United States banks has spread rapidly from New York, where it began, to other major United States cities. We must expect that all borrowers from United States banks will be affected, including international corporations with operations in Canada, and those Canadian companies which traditionally have looked to United States banks for part of their credit needs.

Some of the demand for credit from these borrowers will undoubtedly be reflected to Canadian banks. I am sure the Canadian banks will regard the needs of their regular Canadian customers as having first priority, but it is inevitable that some of the pressure on Canadian banks for loans will have to be dealt with by an increase in lending rates of the banks.

Mr. Stanfield: I take it from what the minister has said that he proposes to take no measures in this regard. Would he say whether the anticipated increase in bank rates in Canada might spread throughout our whole interest rates structure? Can he tell us, also, whether he has had an opportunity to confer with his officials, and whether he anticipates that this development will have any effect upon holdings of Canadian savings bonds?

Mr. Benson: I do not really think that at this point it will have a serious effect on holdings of Canadian savings bonds. However, we in Canada must always be mindful of the need to protect the position of our foreign exchange reserves. Since we have a free economy permitting loans to be made back and forth across the border it is inevitable that our bank rates must be somewhat aligned with those in the United States. However, at present I do not anticipate any difficulty with regard to Canadian savings bonds.

SUGGESTED SWITCH TO FLOATING EXCHANGE RATE

Mr. Max Saltsman (Waterloo): A supplementary question to the Minister of Finance, Mr. Speaker. In view of statements indicating that our banking system and the money markets are so closely linked, will he not consider disengaging the Canadian money market from that of the United States by switching to a floating exchange rate?

Hon. E. J. Benson (Minister of Finance): I do not think a floating exchange rate would be to the advantage of Canada nor that it would disengage Canada from world money markets. The rate now being paid in the Euro dollar money market on 30, 60 and 90-day paper is 12⅜ per cent.

Mr. Saltsman: Would the minister not agree that a floating exchange rate would give us far more flexibility in pursuing our own money policies?

Mr. Speaker: Order. The supplementary question is argumentative.

Mr. Benson: I do not agree, Mr. Speaker.

Inquiries of the Ministry

TRADE

WHEAT—LONDON SPEECH INDICATING CHOICE BETWEEN LOWER PRICES AND REDUCED PRODUCTION

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a question to the Minister of Industry, Trade and Commerce in connection with the speech he made in London, England, in which he said that Canada's increasing wheat surplus might result either in a continuation of selling wheat at reduced prices or a cut in production? I want to ask the minister whether he intends to make a statement to the house before we recess so that the people of Canada may know which of these unhappy courses the government has decided to pursue.

Mr. Speaker: Order, please. Perhaps I might mention to the hon. member that questions relating to statements made by ministers outside the house should normally be directed to the Prime Minister for the purpose of ascertaining whether they represent government policy. Perhaps the hon. member's question might have been asked directly, and in this sense the minister may wish to reply.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): For historical purposes, may I say that this was not said in one of my speeches; it was said at a press conference afterwards. I was trying to explain to the newspapermen the complexities of the wheat situation in Canada. As the Minister of Agriculture said yesterday, policy will be announced in due course.

COMPENSATION FOR SALES BELOW I.G.A. FLOOR

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question. In view of the fact that the Wheat Board is now selling below the International Grains Arrangement floor price, is the government of Canada paying anything to the Wheat Board by way of compensation, or is the entire cost of this floor price for wheat being borne by the farmers?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): No to the first question; yes to the second.

EXEMPTION OF AGRICULTURAL PRODUCTS IN EVENT OF BRITAIN JOINING E.E.C.

Mr. Eldon M. Woolliams (Calgary North): A supplementary question, Mr. Speaker. I asked a question of the Minister of Agriculture yesterday in the absence of the Minister of Trade and Commerce in regard to the European Common Market. When the minister was in London was there any discussion between himself, on behalf of his government, and Great Britain in regard to Britain's joining the European Common Market and whether they would try to exempt agricultural products?

Because in such a situation we would be competing against those nations in a protected market.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, there was some conversation with Mr. Crosland, president of the board of trade, on that subject. In these conversations as well as through my speech to the Canadian Chamber of Commerce in Great Britain I brought to the attention of the British government the difficulties in Canadian agriculture at this time. I also made the point that if and when Great Britain joins the E.E.C. their interest and our interest alike would command that they try to get as open a policy as possible on these matters.

Mr. Woolliams: A further supplementary question. I take it then that the minister really took the same position in this regard that the former Conservative government took, and which he criticized some time ago.

Mr. Pepin: No, Mr. Speaker.

Mr. Speaker: Order, please.

VETERANS AFFAIRS

REQUEST FOR INCREASED PENSIONS—REFERENCE OF WOODS REPORT TO STANDING COMMITTEE

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question arises from the memorial services held in France on the 25th anniversary of the invasion. In the last few weeks numbers of letters from all parts of Canada have been received by me from veterans who are in a desperate position. Would the minister say whether between now and the adjournment of this portion of the session legislation will be brought in to provide for necessary increases in pensions, and in particular, for the implementation of the terms of the Woods report?

Hon. Jean-Eudes Dubé (Minister of Veterans Affairs): Mr. Speaker, the provincial commands of the Legion are holding their biennial conventions and I am also expecting to receive many telegrams. However with

regard to the Woods report I can only repeat what I have already said on many occasions. The government is deeply engaged in the preparation of a white paper, and I hope it will be tabled very soon.

Mr. Diefenbaker: Mr. Speaker, is it possible that the white paper will be delayed so long that there are going to be a lot more white crosses among those who served and should be receiving compensation and are not?

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the minister a supplementary question. In view of his statement last September, that the government was prepared to refer the Woods report to the Standing Committee on Veterans Affairs without any talk of a white paper, will the government consider reverting to that position so that this matter can be dealt with by the committee before we rise at the end of June?

Mr. Dubé: As I said before, Mr. Speaker, the white paper will be ready shortly. The white paper and the report will both be referred to the committee at the same time.

Mr. Knowles (Winnipeg North Centre): Who wants the white paper?

Mr. Max Saltsman (Waterloo): A supplementary question, Mr. Speaker. Since the situation is urgent and since the minister has indicated that the white paper will be ready very shortly, will he consider polling the chairman and members of the committee to see if they are willing to sit during the summer and examine the white paper?

Some hon. Members: Hear, hear.

D-DAY CEREMONY—READING OF SPEECH PREPARED BY DEPARTMENT OF EXTERNAL AFFAIRS

Hon. D. S. Harkness (Calgary Centre): Mr. Speaker, I have a question for the Acting Secretary of State for External Affairs, or for the parliamentary secretary. It is directed to whoever is in a position to answer. At the D-Day ceremonies in Normandy on June 6 did the Canadian Ambassador read a speech which had been sent to him by the Department of External Affairs? Did the minister see this speech and approve of it?

[*Translation*]

Mr. Jean-Pierre Goyer (Parliamentary Secretary to the Secretary of State for External Affairs): Mr. Speaker, questions addressed to the Secretary of State for External Affairs will be answered tomorrow.

[*English*]

CANADIAN CONSTITUTION

CONSULTATION ON TERMS OF REFERENCE TO STANDING COMMITTEE

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Prime Minister which arises from a statement he made yesterday about the establishment of a parliamentary committee to deal with the constitution, and remarks attributed to an assistant of his which were reported by good and reliable friends in the press. I ask the Prime Minister if he is prepared to consult the opposition with a view to arriving at terms of reference regarding the scope of inquiry of such committee, so that it may be as objective, detailed and useful as possible?

Right Hon. P. E. Trudeau (Prime Minister): Well, Mr. Speaker, I hope it will be as useful as possible. The hon. gentleman has referred to something said by someone in my office. I am not aware of that and therefore cannot comment further on it.

Mr. Baldwin: A supplementary question, Mr. Speaker. I accept the Prime Minister's rejection of what is alleged to have been said by someone in his office. Will the right hon. gentleman consult the opposition about the terms of reference of this parliamentary committee, so that we may work out reasonable arrangements about the scope and nature of its inquiry with a view to making it as objective and useful as possible?

Mr. Trudeau: Well, Mr. Speaker, I believe I indicated yesterday that I would be prepared to consider, in consultation with the opposition, the establishment of such a committee. That is still my position. I will be prepared to consider that. For the time being, nevertheless, it is a hypothetical question. We are not into next session yet. But when we set up the committee we will set it up in the way we set up all committees: We shall want it to be as useful to the country as possible.

COMMUNICATIONS

COMPLAINT ABOUT PRESS COVERAGE

Mr. Steven E. Paproski (Edmonton Centre): I have a further supplementary question to the Prime Minister, Mr. Speaker. As a result of his complaints about the press in a public speech yesterday, will the Prime Minister refer this matter to the task force on information, or will it be another matter for the R.C.M.P.?

Inquiries of the Ministry

[*Translation*]

EXTERNAL AFFAIRS

MAINLAND CHINA—PROTESTS AGAINST CANADIAN RECOGNITION

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to put a question to the Prime Minister.

Has he received representations from the Society for Canadian rights, of Montreal, against the recognition of Communist China by the Canadian government? In the affirmative, has the Prime Minister replied to that society?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I did not catch the name of the society, but I can say that I received a number of representations unfavourable to the recognition of the Peking Republic. Of course, all those representations were considered by the government when it established its policy. We knew that there would not be unanimous agreement, but we think that the majority of realistic Canadians support us.

[*English*]

HARBOURS

COAL—SUGGESTED TRANSFER OF LOADING TO ROBERTS BANK

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. In view of the opposition of North Vancouver residents to the installation of a coal bulk loading plant at Neptune Terminals on Burrard Inlet and the consequent pollution of their residential neighbourhood, and in view of the advanced stage of construction of a bulk coal loader at Roberts Bank superport, will the minister investigate this matter and report his findings to the house?

Mr. Speaker: Order, please. The hon. member has made a representation to the minister and she must assume that note has been taken of it.

Mrs. MacInnis: Mr. Speaker, with all due respect, it was not a representation but a question.

Mr. Speaker: Order, please. If it was not a representation, but a question, then the question ought to be on the order paper.

Mrs. MacInnis: Mr. Speaker, may I rephrase the question. Since the people of North Vancouver are complaining about this coal loading facility which is to be installed, will the minister investigate the possibility of having it transferred to the already constructed coal loader at the superport?

Mr. Speaker: Order, please. This type of question should normally be placed on the order paper or considered at the time of adjournment.

AIRPORTS

STE. SCHOLASTIQUE—MEETING TO DISCUSS NEW FACILITIES AT INTERNATIONAL TERMINAL

Hon. Marcel Lambert (Edmonton West): My question, Mr. Speaker, is to the Minister of Transport. Would the minister advise the house about the results of the recent meetings between officials of this department and representatives of the international airlines regarding the facilities and arrangements concerning the new international airport outside of Montreal? Can he also advise whether the meeting adjourned, with international representatives leaving two days after the start of the representations because of difficulties that arose out of the meeting?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I had a report on this particular meeting. From all accounts there were three main subjects for consideration. Under two of these headings there was complete satisfaction on the part of those who had been invited to attend. With regard to representatives of some of the airlines, there appears to have been some misunderstanding as to the nature of the matters to be discussed. Consequently they were somewhat disappointed with the outcome. Officially however the organization, I believe it is IATA or something of that order, has indicated they were quite pleased with the results. It was merely an initial meeting and several others will be held on successive dates.

Mr. Lambert (Edmonton West): A supplementary question, Mr. Speaker. Will the minister advise the house when the next meeting is scheduled and whether he himself has been able to intervene to repair some of the damage that seems to have been caused in relations between his officials and representatives of the international airlines who left, as we say in French, en claquant les portes?

Mr. Jamieson: Mr. Speaker, I do not accept the proposition that any serious damage was done. I repeat it was a matter of misunderstanding as to the matters on the agenda. There will be innumerable further meetings.

These will be called as soon as the officials are satisfied there can be some suitable results. We want to be sure the airlines—

Mr. Speaker: Order, please.

EXTERNAL AID

BIAFRA—SHOOTING DOWN OF SWEDISH RED CROSS AIRCRAFT

Mr. Ralph Stewart (Cochrane): Mr. Speaker, I have a question for the minister replying on behalf of the Secretary of State for External Affairs, of which I have given notice. Is it the intention of the Canadian government to lodge a protest with the Lagos government regarding the death of four aircrew resulting from the shooting down of a Swedish Red Cross plane carrying relief goods into Biafra, and is it the intention of the government to ask the Nigerians to ensure that this does not occur again, in consideration of the many Canadians, as well as other nationals, who are engaged in that humanitarian work?

[*Translation*]

Mr. Jean-Pierre Goyer (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I wish to thank the hon. member for giving notice of his question, which will be answered tomorrow.

[*English*]

CROWN CORPORATIONS

REMOVAL FROM PROVISIONS OF GOVERNMENT COMPANIES OPERATION ACT

Mr. Mac T. McCutcheon (Lambton-Kent): Mr. Speaker, may I direct a question to the Minister of Supply and Services, and ask him if it is the government's intention to remove all Crown corporations from the provisions of the Government Companies Operation Act, as has recently been done in the case of Polymer Corporation, and which was proclaimed recently in the *Canada Gazette*?

Mr. Speaker: Order. I suggest to the hon. member that this is a question of a very general nature, pretty wide in scope, which should normally be put on the order paper.

Mr. McCutcheon: With great deference, Mr. Speaker, there may be a possibility that the government is considering the sale of this business, and I would suggest that that would make my question very urgent. I would humbly ask that you allow the minister to make a reply.

Mr. Speaker: The hon. member for Prince Edward-Hastings.

Inquiries of the Ministry

WATER RESOURCES

POLLUTION—INDUCEMENTS TO INDUSTRY TO CONTROL BACTERIA COUNT

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. In view of the logical suggestion made by the new Ontario provincial minister in charge of pollution, to the effect that if a war is to be waged successfully against this national threat to our health and welfare, incentives must be made available, is the government giving consideration to making tax incentives available in the form of fast write-offs and low interest rate loans so that industries which instal the new machines necessary to remove bacteria from pollution being put into our waters can go ahead with the job?

Mr. Speaker: Order. I have very serious doubt as to the hon. member's very important question. It seems to me that it, too, is very wide in scope and should normally be placed on the order paper. At the same time I would point out that we are now considering the budget and perhaps this is the type of matter that might be considered during the budget debate.

FINANCE

DIRECTIVE TO CHARTERED BANKS PROHIBITING INCREASE IN PRIME RATE

Mr. David Lewis (York South): Mr. Speaker, I should like to address a question to the Minister of Finance related to some questions he was asked earlier. I would like to ask him specifically whether he or the Bank of Canada, through the appropriate officers, will lay down a rule of some sort for the Canadian chartered banks that they are not to increase the prime interest rate any further, in view of the very large profits that they have been making regularly?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, as was said by Secretary Kennedy of the United States today, in a country and a situation where you have inflation rising very quickly you either have to have fiscal and monetary controls or you have to have a closed society. Perhaps it is a closed society that the hon. member would prefer.

Mr. Lewis: Mr. Speaker, in view of the fact that I am not talking about a closed society, and the minister should know better than suggest it, may I ask him if he is prepared to consider some form of foreign exchange control that would keep Canadian capital for

Canadian investment and prevent the spillover of the American increase in interest rates?

Mr. Benson: I do not think the conclusion mentioned by the hon. member would be the result of the institution of foreign exchange control, something which I think most Canadians would not welcome.

Mr. Lewis: Mr. Speaker—

Mr. Speaker: Order. I suggest to the minister and to the hon. member that they are getting into debate—

An hon. Member: It is very interesting.

Mr. Speaker: It may be very interesting, but perhaps we could have this debate later this afternoon during the budget debate.

[*Translation*]

AIRPORTS

STE. SCHOLASTIQUE—MEETING TO DISCUSS NEW FACILITIES AT INTERNATIONAL TERMINAL

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I would like to ask a question to the Prime Minister.

Can he inform the house if it is true that he has agreed to reconsider the choice of the site for the future international airport at Ste. Scholastique, following the recent request of the premier of Quebec, the hon. Jean-Jacques Bertrand?

Mr. Speaker: The hon. member cannot ask a minister to deny or confirm a report, a piece of news or a rumour.

[*English*]

CANADIAN BROADCASTING CORPORATION

ALLEGED IRRESPONSIBILITY IN "PREVIEW COMMENTARY" NEWSCAST

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is intended for the Secretary of State, as the minister responsible for the C.B.C. I would ask his parliamentary secretary if he would determine whether or not this morning's C.B.C. Preview Commentary, which can only be described as an irresponsible, false, garrulous and pro-Communist interpretation of the news, is deliberate C.B.C. news policy, particularly in view of its coming on the eve of the announced withdrawal of 25,000 U.S. combat troops from Viet Nam?

Mr. Speaker: Order, please. I suggest to the hon. member that his question is more of a speech than a question, and to that extent cannot be asked.

OIL

STATUS OF DISCUSSIONS BEFORE CANADA-U.S. ENERGY POLICY COMMITTEE

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, can the Prime Minister tell us who is in the house today to answer questions relating to oil. Yesterday he assured the hon. member for Peace River that the Minister without Portfolio from Saskatoon would be here.

Right Hon. P. E. Trudeau (Prime Minister): If the hon. gentleman will consult the order in council he will see that the acting minister is the Minister of Industry, Trade and Commerce.

Mr. Stanfield: I am sorry; I have not consulted the order in council.

Mr. Speaker, is the acting minister able to advise the house about the status of the discussions before the Canadian-U.S. committee on energy policy which was announced following the Prime Minister's visit to Washington in March? Can the minister say what meetings have been held and whether in general the government feels there will be prolonged negotiations, or whether we may expect some announcement from the government in the very near future?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): I would expect fairly long negotiations, or at least an exchange of views on these matters between Canada and the United States, for the obvious reason that the United States authorities themselves are going through a review of their oil policy and a quite extensive one. Presumably this will take a number of months. The answer is then that we are keeping in touch with the United States as closely as we can in order to give our views on the subject, make our own input, and find out as much as we can about their thinking.

SHIPMENT OF OFFSHORE PRODUCT TO AREA WEST OF OTTAWA RIVER

Hon. Robert L. Stanfield (Leader of the Opposition): I have a supplementary question on a matter within the jurisdiction of the government of Canada which arises from an answer given by the genuine minister last

May 22 to the effect that he was looking into reports that since the opening of the shipping season on the Great Lakes offshore petroleum products were being shipped west of the Ottawa River. Can the minister say whether the information sought by the minister has been obtained and whether he is in a position to advise the house concerning what decision the government has taken following the acquisition of this information?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): I shall remind my colleague of his promise, but shipments across the Ottawa River Oil border into Ontario are not new. Such things have always gone on. It is a matter of controlling how much is being carried across the line; that is really the problem. However, I shall remind my colleague of his promise.

INQUIRY AS TO NEW CANADA-U.S. AGREEMENT

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, in view of the answers given to the Leader of the Opposition in reference to petroleum may I ask whether a new agreement has now been consummated with the United States or is about to be consummated? We have had all this dialogue before.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): No, with regard to exports from Canada to districts one to four we are still operating under the agreement I made in 1967 with Mr. Udall.

FINANCE

TAKEOVER OF CANADIAN BREWERIES BY ROTHMANS—REQUEST FOR POLICY STATEMENT

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a question to the Minister of Finance. Now that the South African tobacco company, Rothmans, won out over a United States tobacco company, Philip Morris, in securing control of Canadian Breweries, may I ask the minister how soon he will be making his promised statement on the take over of Canadian companies by foreign investors?

Hon. E. J. Benson (Minister of Finance): The promise I made was with regard to the takeover of a certain financial intermediary in Canada by foreign interests. I would hope to make that statement before the house rises, but I cannot promise exactly when it will be made. Presently we are looking into a great many matters involved in this.

Mr. Douglas (Nanaimo-Cowichan-The Islands): In view of the fact that Canada apparently is becoming a battleground for foreign conglomerate corporations is the minister considering the imposition of a take-over tax as suggested by a former Liberal minister of finance?

Mr. Benson: No; I am not considering the imposition of such a tax.

Mr. Speaker: Order, please.

FISHERIES

SALMON—INQUIRY AS TO FISHING BAN IN INTERNATIONAL WATERS

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I should like to direct a question to the Minister of Fisheries. Since the international fishing authorities at Warsaw have recommended a ban on salmon fishing in the Northwest Atlantic can the minister say when he expects Canada to ratify the ban on Atlantic salmon fishing in international waters?

Hon. Jack Davis (Minister of Fisheries and Forestry): I would certainly want Canada to support this recommendation.

SEALS—CONSERVATION PLANS OFF LABRADOR

Mr. James A. McGrath (St. John's East): Mr. Speaker, can the minister tell the house when Canada will be sitting down with Denmark and Norway to work out conservation plans for the seal herd off the front of Labrador?

Hon. Jack Davis (Minister of Fisheries and Forestry): There were discussions along those lines last week as the hon. member probably knows. There will be further discussions during the summer.

HADDOCK—MEASURES TO CONTROL FISHING OPERATIONS

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, may I ask the minister what conservation measures he intends to introduce to control haddock fishing off our coasts, as was agreed at the recent meeting of the International Commission for Northwest Atlantic Fisheries?

Hon. Jack Davis (Minister of Fisheries and Forestry): I do not know at this moment, but I will be looking into the matter.

Inquiries of the Ministry

RESTRICTIONS IN SAINT JOHN HARBOUR AND BAY OF FUNDY

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, has the minister anything to report on the possible relief for the Saint John harbour salmon fishermen? This question was asked twice last week.

Hon. Jack Davis (Minister of Fisheries and Forestry): We are considering giving them three days a week, but as only one salmon has arrived at the Mactaquac fish hatchery, we have our doubts.

Mr. Bell: In case my question might have been misunderstood, may I ask the minister whether he realizes this is the fault of his conservationists originally?

FINANCE

REACTION TO STATEMENT BY CONGRESSMAN ABOUT INCREASED BANK RATE

Mr. Max Saltsman (Waterloo): Mr. Speaker, I have a question for the Minister of Finance. Has his attention been drawn to a statement by Mr. Wright Patman of the United States Congress who said that the increase in the bank rate was outrageous and stating that he is going to ask that large banks be prevented from entering into conspiracy. In view of the minister's inability to cope with the situation here in Canada—

Mr. Speaker: Order, please.

NATIONAL DEFENCE

AGREEMENT WITH WEST GERMANY TO LOWER TROOPS MAINTENANCE COST

Hon. J. A. MacLean (Malpeque): Mr. Speaker, may I direct a question to the Minister of National Defence. I should like to ask the minister if he will advise the house whether in the last few months officials of West Germany have suggested that they might be willing to enter into an agreement with Canada which would have the effect of lowering the present cost of maintaining our troops there? If such a suggestion was made what was the reaction of the Canadian government to it?

Hon. Léo Cadieux (Minister of National Defence): To my knowledge no such proposition was advanced.

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a supplementary for the Minister of National Defence. Would the minister consider the request of the Canadian Legion to have a defence base established in Newfoundland, and perhaps redeploy the troops to be withdrawn from Germany to Newfoundland?

Mr. Speaker: Order, please.

REPORTED MINISTERIAL STATEMENT PLEDGING EFFECTIVE EUROPEAN MILITARY PRESENCE

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I have a supplementary which perhaps I might address to the Prime Minister. Since it is reported that the Secretary of State for External Affairs last night in Oslo, Norway, pledged that effective military presence may be maintained in Europe, can the house assume that the principle of a Canadian military presence in Europe has been decided in the affirmative and that this question is no longer under discussion?

Mr. Speaker: Order, please. The question is not in order.

POST OFFICE DEPARTMENT

COURTENAY, B.C., LETTER CARRIER SERVICE

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the President of the Treasury Board. I should like to ask the minister when the government intends to lift the freeze, so that the Postmaster General can get on with the business of establishing a letter carrier service in the City of Courtenay?

Mr. Speaker: Order. The question should be placed on the order paper.

AIR TRANSPORT

REQUEST FOR TABLING OF ROBINSON REPORT ON TRAFFIC CONTROL

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Minister of Transport. Would he say when it is his intention to table the second volume of the Robinson report dealing with safety and air traffic control?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I hope to make a statement in respect of this matter on motions within a day or two.

NEWFOUNDLAND—EASTERN PROVINCIAL AIRWAYS SERVICE TO DEER LAKE

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, can the minister

advise the reason for the discontinuance of E.P.A. jet service to Deer Lake in western Newfoundland only a few days after it was instituted?

Mr. Speaker: That question might be considered at the time of adjournment.

EXTERNAL AID

BIAFRA—SHOOTING DOWN OF SWEDISH RED CROSS AIRCRAFT

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, when the minister is answering the question posed by the hon. member for Cochrane about the destruction of relief planes flying food and medicines to Biafra, I wonder whether his statement could include an indication as to whether the Geneva convention has been breached as a result of the destruction of clearly marked Red Cross aircraft?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I am afraid this is a question involving a determination of fact, and it would not be possible to achieve that by tomorrow.

WATER RESOURCES

HAMILTON, ONT.—POLLUTION BY STEEL COMPANY THROUGH DUMPING OF ACID

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I should like to direct my question to the Minister of Energy, Mines and Resources, asking him whether his department has investigated a report of the dumping in February of 150,000 gallons of hydrochloric acid into Hamilton Bay by the Steel Company of Canada, Limited, and if so, has a report been made and will it be tabled?

Mr. Speaker: Order, please. Since this question deals with an incident that is alleged to have happened some weeks ago the question should normally be placed on the order paper.

TRADE

WHEAT AND BARLEY—LOW PRICED SALES BY FRANCE TO MAINLAND CHINA

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce relating to his favourite subjects, wheat and barley. When he was in Europe did he seize an opportunity to discuss with the French government the question of fire sale prices of subsidized grain to countries such as China, and did he receive any assurance that this policy would be reviewed?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, French politicians were quite busy at the time of my visit. Consequently it was thought that it was not appropriate to ask them to leave their ridings and their campaigns to meet with me in Paris. I made a speech in Paris though and I am quite sure they will hear about it.

AIRPORTS

CHARLOTTETOWN—INQUIRY AS TO EXTENSION OF TERMINAL

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I have a question for the Minister of Transport. Considering that E.P.A.'s new and excellent jet service from Montreal to Charlottetown has clearly demonstrated the need for more terminal facilities at the Charlottetown airport, can the minister advise when the needed extension will be started so that the government sector will not lag too far behind the private sector providing service to Prince Edward Island?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, this is one of several areas we are now examining as to what is needed in the way of extended and additional services. I hope to have an answer for my friend shortly.

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I should like to ask the minister whether these studies involve the actual question of a second national air system?

Mr. Jamieson: I suppose it is difficult to have airports without an air system, but I am not quite sure I know just exactly what my friend has in mind.

Mr. McCleave: From Bonavista to Vancouver Island.

OIL

MEETINGS OF CANADA-U.S. COMMITTEE

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask another question of the Acting Minister of Energy, Mines and Resources. Can he tell us how many meetings of the Canada-United States committee on oil negotiations which was established in March have taken place?

Inquiries of the Ministry

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I know there was one at the time the Prime Minister went down to Washington. I know there is one which is planned or took place very recently. I will find out, and the minister will give that answer along with the other part of the question to which I did answer, although perhaps incompletely.

COMMUNICATIONS

PATENT RIGHTS PROTECTION ON SATELLITES CONTRACT

Mr. John Gilbert (Broadview): Mr. Speaker, in view of the national importance of telecommunications satellites, will the Postmaster General and Minister of Communications indicate to the house whether the major contract for the construction of the satellite system has been awarded to a United States subsidiary of R.C.A. Victor, and, if so, what precaution the government has taken to protect patent rights?

Mr. Speaker: Order, please. I think this question should be placed on the order paper. If there is urgency in the question, which is not apparent to the Chair, I will be pleased to give it preference, to make sure it can be considered at the time of adjournment.

STUDENT LOANS

EXPANSION OF PROGRAM TO COMPENSATE FOR LACK OF SUMMER EMPLOYMENT

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, considering that many university students have not been able to obtain summer employment, would the minister consider raising the $1,000 ceiling on loans now available to university students?

Hon. E. J. Benson (Minister of Finance): Without fully accepting the premise of the question, this matter will of course come up for consideration before the loans program for the coming year goes ahead. I should indicate that under the program there has been a great extension, and that the federal government has always provided the sums necessary within the provinces to meet such programs.

DISCUSSIONS DIRECTED TOWARD EASING OF ELIGIBILITY REQUIREMENTS—SCHOLARSHIPS

Mr. David Lewis (York South): Mr. Speaker, I should like to ask the Minister of Finance whether he would undertake to enter into discussion with the provincial governments in respect of an easing of the requirements for student loans, and also whether he and his colleagues are considering the introduction of the scholarship system which was promised some years ago by Mr. Pearson?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, in answer to the first part of the question, most of the correspondence I have received regarding student loans has been in respect of abuses, or people getting them who do not need them—not people having difficulty getting them. In respect of the second part of the question, when a decision is made in this regard it will be announced in due course.

ADMINISTRATION OF JUSTICE

HAL BANKS—POSSIBILITY OF RENEWING EXTRADITION PROCEEDINGS

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, about a month ago the Minister of Justice advised the house that he had asked the Secretary of State for External Affairs to speak to the United States Secretary of State regarding the extradition of Hal Banks. Can the Acting Secretary of State for External Affairs now bring himself up to date on this matter and advise the house tomorrow, on motions if possible, whether the United States government is now prepared to receive an application from Canada for the extradition of Mr. Banks?

Hon. C. M. Drury (President of the Treasury Board): I will bring myself up to date, Mr. Speaker.

[*Later:*]

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, when the Acting Secretary of State for External Affairs has brought himself up to date on this important matter by this time tomorrow, will he make a statement on motions?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I am not sure I would be right in taking up the time of the house to make a statement on motions, but I will answer the hon. member's question tomorrow.

FINANCE

REQUEST FOR TABLING OF REPORT OF BANK OF INTERNATIONAL SETTLEMENTS

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I wonder whether the minister is in a position to table a copy of the annual report of the Bank of International Settlements, in view of the fact that this report contains some very serious warnings about possible difficulties in international exchange and

monetary relations between the countries of the world?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I will endeavour to get an extra copy and table it in the house, as requested by the hon. member.

SPORTS

FEDERAL ASSISTANCE TO MEET PAN-AMERICAN GAMES DEFICIT

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. In view of the government's action in writing off the Expo deficit of $125 million, will it consider making similar arrangements in respect of the Pan-Am games, also a 1967 national event?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I should perhaps explain that the government did not write off the Expo deficit. It wrote off its share of the Expo deficit, which was part of the agreement made when Expo was first entered into. The other part of the deficit to be assumed by the province of Quebec and the City of Montreal we expect to be paid in due course. I should say this was an agreement entered into by a former Conservative government.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, will the minister still consider some kind of similar arrangement with Winnipeg in connection with the Pan-Am deficit?

Mr. Benson: I will look into the matter.

• (2:50 p.m.)

GOVERNMENT ORDERS

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Monday, June 9, consideration of the motion of Hon. E. J. Benson (Minister of Finance) that this house approves in general the budgetary policy of the government, and the amendment thereto of Mr. Lambert (Edmonton West) (p. 9880), and the amendment to the amendment of Mr. Saltsman (p. 9883).

Mr. R. N. Thompson (Red Deer): Mr. Speaker, in spite of the numerous interjections last night by the Postmaster General (Mr. Kierans) and the Minister of Finance

(Mr. Benson) I will still limit my remarks to a few minutes.

The Minister of Finance asked me last night to define the gross national product. Frankly, I am amazed that a man in his position is not well enough informed to know this rudimentary fact. For his information, and I would hope his edification, may I say that the gross national product, by totalling all costs arising in production, measures the market value of all final goods and services produced in the current period by Canadian factors of production. It is equal to national income plus net indirect taxes, indirect taxes less subsidies, plus capital consumption allowances and miscellaneous valuation of adjustments.

This is something far different from the net income of the nation and its citizens which at factor cost measures the current earnings of Canadian factors of production, that is, land, labour and capital, from productive activity. It includes wages and salaries, profits, interest, net rent and net income of farm and non-farm unincorporated business.

According to page 79 of the budget papers presented to parliament by the Minister of Finance just prior to the budget, the gross national product of Canada in 1968 was $63.368 billion. The net national income for Canada in 1968 was $50.628 billion. On page 125 of the white paper it is stated that the federal budgetary expenditure was $12.058 billion. The combined provincial and municipal governmental expenditure for 1968 was something over $13 billion. On page 41 of the budget papers it is stated that the total government revenues for 1968, that is, federal, provincial and municipal revenues, exclusive of all intergovernmental transfers and not including borrowings or deficit spendings, amounted to $24.2 billion.

This figure of $24.2 billion represents the net total of taxes collected by governments at all levels during 1968. With the total amount of the actual income of all Canadians amounting in 1968 to $50.628 billion, the percentage of income taken from the Canadian taxpayers' pockets by the various tax collectors amounts to just over 47 per cent. I stated last night that it was nearly 50 per cent. As I did not have the actual statistics for 1968 before me, I could not give the specific percentage at that time, which we now find has passed 47 per cent for the first time.

My concern is twofold. First, the percentage of the income of Canadians required by the government has reached dangerously high

levels. Historically, no free society has survived when the amount of its citizens' income required by government has passed 50 per cent. We are moving continually and continuously nearer that mark. The budget of the Minister of Finance does nothing to reverse this trend. Under his direction, thus far at least, the country is moving relentlessly toward an economic crisis.

Second, the urgent needs of municipal governments are rapidly bringing that level of government to a crisis of vast proportions. The need of new tax resources and capital financing just to provide the basic public needs for schools, hospitals, housing and essential services is great, far beyond the present reaches of that vital level of government. This budget does not do anything to alleviate the situation but rather aggravates the looming financial crisis.

In closing my remarks may I say it is one thing to gloat smugly over a balanced budget and quite another to provide a viable alternative which offers some hope for the future. The general consensus of government economists is that higher taxes, higher interest rates and tight money will eventually stop inflation. It may slow it down for the moment, but if these methods would ultimately accomplish that objective it would have been reached long ago.

What this country needs is an adequate financial policy which represents major surgery. The aspirin treatment provided now and perpetuated by the Minister of Finance from his Liberal predecessors is not good enough. I hope that in his promised white paper on the financial and fiscal situation in the nation he will deal with root causes, not just symptoms. The economy of this country will not survive simply on more and more palliatives. I suggest that the Minister of Finance come down out of the clouds and face the reality of the situation before a financial crisis breaks upon us.

Mr. David Weatherhead (Scarborough West): Mr. Speaker, first of all I would like to congratulate the Minister of Finance (Mr. Benson) for bringing down a budget last week which is aimed directly at two of the main problems facing Canada at this time, namely, inflation or the ever-increasing cost of living, and regional economic disparity. The fact that he has been able to do so without increasing the rate of income tax, sales tax, corporation tax or excise tax, while at the same time anticipating the first balanced budget in 13 years with a surplus of about $250 million, is very commendable.

[Mr. Thompson (Red Deer).]

There are, of course, other problems affecting the country, including those between the French and English linguistic groups and the serious urban problems of housing, pollution, transportation, etc., of which those of us from the cities of Canada are very much aware. I would like to refer to them again later in my remarks.

The budget forecasts the continued general prosperity of Canada in recent years, and notes a general decline in unemployment during the last 12 months, as well as a real increase of the gross national product of over 5 per cent which is expected for this fiscal year. While everything possible should be done to decrease inflation and decrease unemployment, which are not always compatible, Canada as a world trading nation is directly affected by the general economic and fiscal conditions of the world because of our close economic ties, especially with financial and economic conditions in the United States. The extremely heavy cost of the war in Viet Nam for the United States has resulted in financial difficulties and inflationary pressures which reverberate into Canada. An end to that war would probably decrease inflation in Canada more than any other single factor, but we have little control over that.

There are many ways in which the government can fight inflation, and apart from the measures in this budget there has been considerable recent government action in this regard. The prices and incomes commission recently set up by the Minister of Consumer and Corporate Affairs (Mr. Basford) will be a valuable new element in Canada's battle against inflation. It will inquire into and report upon the causes, processes and consequences of inflation, and will inform the government and the general public how price stability can best be achieved. If this Commission and the other government measures are not as successful as hoped for in this regard, I believe serious thought will have to be given to granting such a commission, or a similar one, more direct powers toward controlling spiralling prices and incomes, although I trust such a step will not prove necessary. In any event, inflation which steals from everyone, and particularly hits hard at the poorer, older people on modest fixed and semi-fixed incomes and pensions, will have to continue to be attacked by all levels of government, and this budget and recent federal government action go a long way in this regard.

The pegging of Department of National Defence expenditures at their figure of $1.8 billion which is now about 16 per cent of our expenditures, and the thorough review of other government spending programs with a view to cutting out unessentials, are further evidence that the federal government is serious about this matter. Our defence and foreign policies are still undergoing reviews, and while Canada will always want to play her full part in international affairs it may still be that we are not getting the best value for our $1.8 billion spent on national defence and that we could cut our expenditures somewhat in this field without jeopardizing our true effectiveness in the world.

The extension of the 3 per cent surtax for another year on income and corporation tax affects mainly those making over $10,000 to $12,000 a year and will continue for another year, primarily as an anti-inflationary measure.

The immediate implementation of the final tariff rates agreed to by Canada during the Kennedy Round negotiations should spur more vigorous price competition and efficiency of production in our Canadian plants. Freer trade has been a classic principle of Liberalism, and while it may cause short term problems in some industries and plants, reduced tariffs on $2.1 billion of imports of raw materials and finished goods will result in somewhat reduced prices to consumers in many items. The announcement by the Minister of Consumer and Corporate Affairs that he will establish some machinery to ensure that savings by reason of these tariff reductions will be passed on to the consumer is also encouraging in this fight against inflation. That minister is to be congratulated for his zeal in continually thinking of ways to give the consumer a better break.

The other main anti-inflation measure in the budget, and one with regional development undertones, is the deferring of capital cost allowances for two years on commercial buildings put in place to the end of 1970 in cities of over 50,000 in Ontario, Alberta and British Columbia.

This, of course, affects metropolitan Toronto more than any other city, since our city has by far the largest number of commercial projects in the active planning stage of any city in Canada. It was on this basis that the Toronto *Telegram* in an editorial on June 5 stated that Toronto members of parliament should blast the new budget, which in its words discriminates against Toronto and other Ontario cities. As a lifelong resident of metropolitan Toronto and as one who represents some 90,000 of its citizens in this parliament, I am very disappointed at the parochial, narrow and shortsighted attitude of that newspaper as represented in that editorial.

• (3:00 p.m.)

The government wishes to reduce pressure on the construction industry which is a trendsetter in the escalation of prices and costs in general, in the economy as a whole. In the construction industry new commercial buildings were scheduled to increase the most, and most of this increase was to be in the big cities of those three provinces. This meant that commercial building enterprises would be bidding in the market for scarce labour and scarce financing in competition with essential and badly needed housing and industrial building projects.

Accordingly, it is the purpose of this budget policy to hit at one cause of inflation at its source, the heavy investment in new commercial buildings in the big cities of the three provinces, while exempting the other provinces and all the smaller communities because of higher unemployment and slower economic growth in those areas. It recognizes the very important principle that inflation and other economic problems can be regional in nature.

While this is mainly an anti-inflation measure, its two-side effects are the desire that more and cheaper financing will be available for housing and industrial projects in these 22 cities affected, and that there will be an increase in commercial building in the slower development areas of our country.

I hope that this is the case, but I believe that if this part of the budget is to be criticized it is because it may not go far enough in putting a damper on commercial building in the high-growth cities for more effective anti-inflation results and for more beneficial increased housing and regional development aspects. The regulations will exempt structures for which firm commitments have been made. It appears also, at this very early date, that at least some of the other commercial buildings will not be deterred by the deferral of capital cost allowance of usually 5 per cent per year, because of the effect that a 4 per cent, let us say, annual inflation in building costs would have, if the projects were delayed for two years. However, it still should make some more financing available to

housing and industrial development in Toronto and the 21 other urban areas, and will probably help divert some additional commercial activity to more underdeveloped areas. It is because of the commendable aspects of this budget policy as anti-inflationary, an aid to housing financing, and as some aid to underdeveloped areas without hurting the booming economy of Metro Toronto to any real extent, that I took such exception to the comments of the said newspaper.

There are many important projects, Mr. Speaker, in or near Metropolitan Toronto at the present time in which the federal government is or should be directly involved—the whole housing area under the National Housing Act and Central Mortgage and Housing Corporation, the waterfront development plan, the C.N.-C.P.R. downtown complex, the urban renewal areas, the considerable expansion of Malton airport and making it more international in character, the location and building of a second international airport, the C.N.E., a new downtown post office complex and new suburban stations, and its participation in flood control aspects of acquiring land for the Metropolitan Toronto and Region Conservation Authority. I and other Members of Parliament from Toronto have no hesitation in promoting these and other Toronto area matters with the federal government, and our Toronto area Liberal caucus has had numerous meetings with municipal and federal government officials during the last year on these and other matters with considerable success. However, this does not mean that we are blind to the needs of the rest of the country, particularly the more underdeveloped areas, and while promoting the legitimate federal concern in Toronto we will support wholeheartedly proposals such as just discussed in this budget which attack regional disparity.

Time will tell whether this budget policy with respect to commercial buildings is as effective as hoped, but the principle that policies to fight inflation need not and should not apply in the same way to all regions is an excellent one, and more stringent regulations can always be included in the budget next year if necessary.

About 80 per cent of the constituencies in these 22 cities, Mr. Speaker, are represented by Liberal Members of Parliament and we make up nearly 40 per cent of the total number of Liberal members. In the rest of the country we hold only 45 per cent of the seats and the opposition parties hold 55 per cent. I think that this reiterates the government's determination to attack inflation and regional disparity despite the fact that the government party is so strong in the 22 urban areas that will feel the brunt of the deferred capital cost and lower tariff policies.

Along with the benefit the deferred capital cost policy will have in underdeveloped areas, with the regional development incentives bill recently introduced by the Minister of Regional Economic Expansion (Mr. Marchand) should play a very important role in overcoming disparities in economic and social development between regions in Canada. The granting of up to $12 million for each new manufacturing company which will contribute substantially to employment in designated slow-growth areas should prove a strong incentive to the establishment of badly needed plants in these more economically backward areas. This combined with heavy federal investment in the comprehensive redevelopment of Prince Edward Island announced earlier this year will go a long way toward making a more just society in these underdeveloped areas. This is so important not only for the people living there but for the whole country, since Canada will be unable to survive as a country unless the gulf between the affluent and poor areas of the country is narrowed as quickly as possible.

In passing, Mr. Speaker, perhaps I could be permitted to express my support for the languages bill now being considered by a committee of the house and which, I am sure, the house will pass within the next few days. As one born in Toronto of English-Irish ancestry, including United Empire Loyalist stock who came to Canada nearly 200 years ago, my support of the bill might be suspect to some people. However, I strongly believe that our two most numerous linguistic groups and the only main ones that were here at the time of confederation, should have the right to conduct business affairs in their own language in federal government departments across the country in areas where they make up a significant proportion of the population. Despite my Anglo-Saxon background I am lucky enough to be married to a girl of Ukrainian background and therefore appreciate a little the view of some of our Canadians whose native language is neither English nor French. I believe we have been extremely fortunate in the high quality of all our immigrants, but the English and French linguistic rights as official languages were established before confederation and I believe they

should remain so without in any way detracting from the worth or importance of the languages or cultures of all our excellent Canadians of a non-English or French linguistic background.

One of the pleasant by-products of being a Member of Parliament, Mr. Speaker, is the opportunity we get to learn English or French, if we wish to do so, under excellent instructors. I have been taking instruction in French since last October, with one of the groups of English-speaking M.P.s, four hours a week in Ottawa, with periodic immersion courses of one to two weeks at St. Jean, Quebec, and perhaps in next year's budget debate I will be able to perform partly in French.

I would like to say, Mr. Speaker, that my riding in the east end of Metropolitan Toronto is part of a traditionally strong Anglo-Saxon, Protestant area of the city. However, I campaigned last year on the need for bilingual districts and a bill such as the one abovementioned, and I have received not one letter of complaint about this bill since it was introduced last fall. I wish I could say the same thing about some of our other policies and bills. I am sure that the people of Scarborough West and Metropolitan Toronto, in general, are quite agreeable to the implementation of the languages bill as an essential aid to national unity.

Since one of the reasons for the deferred capital cost allowances on commercial buildings was to divert more scarce capital and labour into new housing, perhaps I could close my comments, Mr. Speaker, with some remarks on this all-important subject, particularly for those of us who come from the Metropolitan Toronto area. I have been very interested in housing and urban policies, and in my maiden speech last fall referred to some of the proposals I and other elected officials from Scarborough made to the housing task force last October. I read the task force report with interest when it came out at the end of January, agreeing broadly with it, and then I was somewhat disturbed by the sudden resignation of the hon. member for Trinity (Mr. Hellyer) as Minister of Transport. However, the immediate announcement by the Prime Minister (Mr. Trudeau) of many amendments to the National Housing Act and regulations, and the additional details given by the new minister responsible for housing on second reading of the bill recently, exceeded my expectations and should go a long way with Ontario government co-operation to help alleviate the housing problem in Metropolitan Toronto and in other areas of the country.

• (3:10 p.m.)

The fact that the federal government will now lend 90 per cent of the cost of acquiring land to either the province or municipality with provincial consent, for either public or private housing, should clear the way for substantial tracts of land or land banks being acquired in the outer suburban districts of Metro Toronto and the larger cities. This land, after servicing, will be sold as building lots for considerably less than the going rates, which should have the beneficial effect of decreasing land values in the whole area. To make it effective large tracts will have to be acquired around Metro, and the land is so expensive now that huge sums of money will be involved. However, the federal moneys are just loans and will be repaid, I suppose on a revolving fund basis.

The paying of a 50 per cent subsidy by the federal government on apartments and homes rented by Ontario Housing Corporation and similar agencies in other provinces will mean in Metropolitan Toronto that O.H.C. will be able to rent many more individual apartment units, which will go a long way toward satisfying the nearly 14,000 applicants waiting for same. The lifting of the freeze on public housing projects that have C.M.H.C. approval should also accommodate many more than those on the waiting list. However, I was happy to see the task force comments on the desirability of row type and more diversified public and private housing have not been forgotten, and that after consultations with the provinces new guidelines on this subject will be announced by early next year.

Increasing the maximum of National Housing Act mortgages to $25,000, extending the term to 40 years and cutting the mortgage insurance fee in half are very beneficial measures in my home area where new houses in our suburbs start at about $30,000. A $5,000 down payment will now suffice, rather than the $12,000 needed before when the N.H.A. maximum mortgage was $18,000.

Similarly, increasing N.H.A. mortgages to $18,000 on resale homes should make more mortgage money available for older homes and will allow O.H.C. tenants in many cases, with provincial approval, to buy on reasonable terms the homes in which they are now living.

The freeing of the interest rate and the reviewing of the rate every five years should make more mortgage money available at somewhat reduced rates. If it does not have that effect fairly quickly these proposals will have to be reviewed.

Increased federal loans to limited dividend housing and federal loans to buy up and renovate older homes in an urban development area, rather than having to level all the buildings to the ground, are among some of the other welcome amendments to this legislation.

There are, however, two policies in connection with housing that I believe are very important, which were favourably referred to in the task force report but which have yet to be implemented by the government. In my maiden speech I supported the creation of a separate government department of housing and urban development with its own cabinet minister, and I still think it is a good idea. The present minister responsible for housing is now a Minister without Portfolio, but without all the staff and facilities, independent of C.M.H.C., that a full minister of housing and urban affairs would have. The present minister is certainly to be congratulated on the speed at which he has moved since becoming the minister responsible for housing, and he would make an excellent first minister of a new department of housing and urban affairs.

Such a federal department would underline even further the federal government's interest and concern in those matters which affect about 75 per cent of all Canadians at the present time, those who live in our urban areas, without interfering in the constitutional jurisdiction of the provinces in this field. It could co-ordinate co-operation between the three levels of government with respect to urban matters, and also stress more greatly research into city problems at the government and university levels.

My second policy relates to the 11 per cent federal sales tax on building materials. I understand that this produces about $300 million in revenue for the federal government, which is no mean amount. However, if housing is not a national crisis, it surely is a very serious problem in metropolitan Toronto. The problem is not so much the lack of supply but the high price of the units available.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member but his time has expired.

Some hon. Members: Continue.

[Mr. Weatherhead.]

Mr. Deputy Speaker: Is there unanimous consent that the hon. member continue?

Some hon. Members: Agreed.

Mr. Weatherhead: I wish to thank hon. members and I will be through in about two minutes.

The task force report found that the combined federal and provincial sales taxes can add up to $950 to the final price of a modest three bedroom bungalow. It appears to me somewhat incongruous that we and the provincial governments are keeping these sales taxes on residential building materials, while at the same time all our other governmental policies are aimed at driving the price of houses down. We have a surplus now of $250 million, and while I suppose every Member of Parliament has a favourite scheme for spending some or all of this surplus, I believe that if for inflation reasons we do not want to spend all of the surplus we could either cut the sales tax in stages annually, or perhaps could give rebates of tax on houses which cost, say, $20,000 or less, exclusive of land, as suggested by the task force. This would have a direct effect on reducing the price of new homes, which is what our legislation is trying to achieve.

Finally, Mr. Speaker, the Minister of Finance mentioned in his budget speech that the government white paper on tax reform will be coming out this summer. The legislation that comes out of this white paper will be among the most important of this 28th parliament, since it will substantially reform our present tax laws and make them far more fair and equitable for all.

With the rest of the country I am awaiting the government's proposals in this regard with great interest. In the meantime, despite my criticisms with respect to the sales tax, I would again like to congratulate the Minister of Finance on the general anti-inflation, regional development tenor of this budget.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, the first thing one must say about this budget or budgetary statement is that it proves the failure of the October budget presented by the Minister of Finance (Mr. Benson). This is clearly proved by the minister's own admission that inflation is not slowing down as he then predicted, making him not only a bad forecaster but a poor improviser or developer of policies. Actually, according to his own admission the rate of inflation this year will be at least as high as last year, when it was the highest it

had been for 17 years in Canada. Indeed, over the last 12 months, if I compare last May with May, 1968, the rate of increase in the cost of living index has been 4.7 per cent.

The minister says, of course, that things will be better in 1970, and that we should wait until then. We have been listening to this same old story since 1965 from successive Ministers of Finance across the way. I have been here about a year and a half and when I first came here the Minister of Finance and the President of the Treasury Board of the day were talking about what proved to be a phony program of cutbacks in expenditure. It turned out that they were not talking about cutbacks in expenditures at all. Then we went through the period when they cooked the books at the time of the last election and then disclosed quite freely when the election was over substantially higher estimates for the year. We then had the October budget with vast increases in taxes and the projection that inflation would be brought under control. Now we have the recent budget in which the minister admits that the October budget was a failure. So there is no confidence in the financial policies of this government. After all this talk we still have an unacceptable rate of inflation accompanied by an unacceptable degree of unemployment in the country.

• (3:20 p.m.)

Inflation, sir, is not just something we talk about; it is something that affects people. Consider for a moment the effect of an inflation rate of 4 per cent per year on the ordinary people of this country. Consider the effect on pensioners. How does inflation affect the pensioner's real standard of living? Consider the effect of inflation on the real purchasing power of those who receive family allowances. Consider also the terrible effect inflation has on the poor in this country. In addition, inflation increases income taxes without the authorization of parliament. It lowers exemptions on the real value of incomes of people very substantially. It inflates incomes and therefore increases the actual rate of taxation of Canadians who pay additional hundreds of millions of dollars every year. Not only must we keep in mind that we pay this regressive 2 per cent social development tax which the minister imposed in October as well as other tax increases the minister imposed openly; we must also keep in mind that in every year in which there is substantial inflation, as at present, our people pay additional taxes which have not been authorized by parliament.

The minister boasts of his surplus. That surplus is accounted for by the speed-up in the collection of taxes from corporations, by the fact that a number of provinces will not participate in the medicare program for the full year and by the unauthorized tax increase which is a result of inflation. What Minister of Finance collecting increased taxes consequent upon the increases imposed last October as well as increased amounts of tax money accruing as a result of the inflation taking place under his policies could fail to produce a surplus?

Some hon. Members: Hear, hear.

Mr. Stanfield: In addition, the minister keeps the lid on family allowances and allows old age pensioners inadequate compensation with which to meet increased living costs. Not only does the minister keep the lid on such payments but he also says to the provinces. "We will not pay attention to your priorities or payments. The answer is no, no, no. Go back and attend to your own problems and pay no attention at all to the recommendations on the Economic Council of Canada with regard to adequate programs concerning the poor." What has the minister to boast about under these circumstances when he produces a surplus? All these tax increases will burden economically hundreds of thousands of people in Canada.

I believe the minister tried to suggest in his budget that he was not increasing taxes. Of course he is. He is extending the 3 per cent surcharge even though the government solemnly assured the people of Canada it would be eliminated at the end of this year.

Some hon. Members: Hear, hear.

An hon. Member: Resign.

Mr. Stanfield: Last October the minister said:

> We will be taking into account the fact that our income and corporation tax surcharges of 3 per cent enacted early this year will terminate at the end of 1969.

If the people do not recognize this surcharge as a tax increase, Mr. Speaker, I submit they will never recognize any tax increase.

An hon. Member: They have been misled again.

Mr. Stanfield: A tax increase of 3 per cent has been imposed. The tax was to be removed but was not. Therefore by continuing the tax

the government is increasing taxation, no matter what view the government or the Minister of Finance may take of the matter. At the same time, of course, there have been increased charges for services provided by the government. Also, as a result of inflation, taxation is constantly increasing. The minister is promoting inflation.

We have heard much talk about inflation. On March 29, 1966, the Minister of Finance of that day, who is now Secretary of State for External Affairs (Mr. Sharp), is reported to have said in the house:

> Mr. Speaker, if we do not by one means or another succeed in moderating the increase in aggregate expenditures this year the most immediate penalty we shall suffer is an inflationary increase in prices.

That was said in March, 1966. On December 19, 1966, that minister is reported to have said:

> If some moderation in demands with inflationary consequences does not occur we may well find it necessary to impose sufficient fiscal restraint upon the economy as a whole to check them.

Then on June 1, 1967, that minister is reported to have said:

> The most unsatisfactory aspect of the 1967 situation in Canada, as in many other countries, is the continuing upward movements in costs and prices ... the rate of increase of consumer prices is more than we can tolerate on a continuing basis.

We now hear these pious statements twice a year. In November, 1967, the Minister of Finance is reported to have made the following statement:

> We must bring to an end the present round of inflationary price and cost increases, and move to a situation in which all Canadians can work and buy and bargain and invest in the expectation that their money over the years will maintain its real value.

On March 6, 1968, he is reported to have said:

> It seems quite evident to me that our first priority in economic policy now must be to achieve greater stability in prices and costs.

Then we had a change of actors, but the role they played remained the same. The present Minister of Finance is reported to have said on October 22, 1968:

> In the broad field of economic policy, the most urgent need now is to check further the continuing increase in prices and living costs.

Again, on June 3 this pleasant and optimistic Minister of Finance repeated the theme.

[Mr. Stanfield.]

We are getting budget speeches twice a year now. He is reported to have said:

> There can be no question that the number one priority in economic policy today must be to deploy all available forces—public and private—more aggressively than ever in the battle against inflation in Canada.

For how long must we listen to such statements from Liberal Ministers of Finance? Four years ago the Liberal government first decided that inflation had gotten out of hand in Canada; yet we still hear these platitudes. They still want to reassess everything. Four years ago the Liberal government first waved over our heads the axe of spending cuts. They are still waving the axe.

An hon. Member: That was a hoax.

Mr. Stanfield: The axe is still being waved around somewhere over there, and I do not think that the supply of band-aids has been overly strained. What has the Liberal government been doing during the last three or four years of concern? The taxpayers of Canada know what it has been doing. We have lost count of all the tax increases we have suffered from in the past few years. These were tax increases the government imposed in the name of fighting inflation. The taxpayer wonders what is happening when he sees his personal income tax boosted to 164 per cent above the 1962-66 level. This year, sir, it is estimated that Canadians will pay 32 per cent more in personal income taxes. I suggest this sort of thing cannot be allowed to continue. We have had four years of so-called anti-inflationary policy and tax increases and still the Minister of Finance rises in his place and says that inflation will not slacken in this country this year. The Minister of Finance in fact is relying on inflation to balance his budget. I ask him how much of that 32 per cent increase in personal income tax this year is directly attributable to the inflation taking place during 1969? Wages and salaries would not be increasing so fast if we did not have an inflation which cuts the heart out of the spending power of the ordinary individual's income.

• (3:30 p.m.)

Consumer prices are going up at a rate of 4.7 per cent a year. That was the figure from May to May. A man has to earn at least that much more just to keep up. In fact, he has to earn more. For example, he does not enjoy any adjustment in his income tax deductions to allow for inflation. He just pays more. A married man with two children and an

income of $5,000, receiving an increase of 4.7 per cent which is just enough to match the consumer price increase, would still be penalized by about $50. Real income is no higher but the people are paying a substantially higher tax which this government imposes secretly without any parliamentary authorization. As a result of these things we have the balanced budget about which the minister boasts. We wonder, Mr. Speaker, we wonder.

No one questions the importance of fighting inflation adequately and effectively. I have said many times that the longer this process goes on the less and less we will have to fight it effectively, and more and more vested interests will develop in favour of continued inflation. The chairman of the Prices and Incomes Commission says it is a mistake to bet on continued inflation. The Minister of Finance is betting on it. He not only bets on it, he predicts it. He is not only predicting it but he is counting on it to continue to produce the surplus that he is predicting. He is betting on continued inflation, Mr. Speaker. There can be no doubt about the manifold injustice that inflation is perpetrating in Canada.

Are the minister's proposals effective? Can we reasonably expect the methods proposed by the minister to succeed? I reminded hon. members a few moments ago about what we have heard from successive Ministers of Finance in the past four years—the same old thing, increased taxes to fight inflation. It has not succeeded. Inflation has continued. In fact, inflation has escalated. What new methods has the minister proposed? He has made a proposal to defer depreciation regarding commercial construction in certain centres in Canada. He has proposed that the Kennedy Round tariff reductions be implemented immediately rather than phased in over a number of years. I say to the minister that these proposals are interesting but I do not think they amount to very much in total.

What is the purpose of the minister in presenting this budgetary statement? Is his purpose psychological? Is his purpose to convince the people of Canada that this government is determined to conquer inflation? Is this his purpose? Was it for this reason the minister projected in the future a prospect of continuing present taxes? Was it for this reason he placed emphasis upon predicting the budgetary surplus and protecting it against those who might try to raid it? If this was his purpose, we must ask ourselves whether the minister has succeeded.

Has the minister convinced the Canadian public this government is going to win the fight against inflation? It seems not, as far as I can judge. It may be this failure to convince the public is not the fault of the Minister of Finance. As the Prime Minister (Mr. Trudeau) suggested yesterday in connection with another matter, it may be the press that is at fault. They may have failed to carry conviction in this instance as in the other.

It is little wonder the public remains sceptical because what the minister told us about in the way of hard fact represented a continuation of failure. We must expect a low level of public acceptance and confidence in view of the misleading record of the government and its continuing record of bumbling. I wonder whether the Minister of Finance, like some others, could have an image problem to contend with? If he has, Mr. Speaker, it would be little wonder because we have had continued inflation and continued tax increases to fight inflation year after year.

I hope the minister read the government's own white paper on the subject of inflation which was tabled in the house last December. What some of us have been saying for some time is there in black and white, that the traditional methods employed by this government to fight inflation have not succeeded. It was clear to those who presented that white paper that the traditional methods had failed to achieve the aims of the government, that is, to provide reasonable stability of prices while providing a reasonably satisfactory degree of employment in the country. The government's record has been condemned in its own white paper. That white paper recommended the appointment of a Prices and Incomes Commission. I said at the time this was like putting a popgun in the hands of our troops. Lord knows, the white paper was slow enough in being presented in the first place. It was produced in December. It could have been written by two or three people sitting around for two or three days. We waited from June until December to get that white paper.

The only real recommendation the white paper made was the appointment of the Prices and Incomes Commission. We do not have the commission yet despite the fact that we question the minister responsible day after day, week after week, month after month. How can the Minister of Finance or the government expect anybody in Canada to take seriously suggestions that they are determined in their efforts to fight inflation when they have not acted on a very simple and

easy recommendation in their own white paper?

For three or four years the Economic Council of Canada has been recommending the establishment in this country with the government's help, of an independent forecasting unit. I think it should be apparent to the Minister of Finance that no one needs an independent forecasting unit more than he in view of the discrepancy in a few months between what he predicted in October and what we now have. The Economic Council of Canada says a forecasting unit to forecast relatively short term trends would, among other things, enable the government to present and develop policies related to conditions likely to develop and not conditions the Minister of Finance may imagine are likely to develop. Why has the government not been prepared to accept the recommendations of the Economic Council of Canada and co-operate with that very respectable body, the Private Planning Association, by establishing a forecasting unit? Why is there this stubborn determination to tie one hand behind its back with regard to developing adequate programs? Why continue this game of blindman's bluff which the minister persists in continuing? It is a perfectly simple, straightforward recommendation that the government has refused to act upon. That being so, how can members of the government expect any of us to take them seriously?

• (3:40 p.m.)

We have been talking about inflationary psychology. I remember the minister's predecessor talking about inflationary psychology in this country. There have been four years of talk, four years of higher taxation each year, four years of inflation each year. The minister's forecasts cannot carry any conviction. He expects that the inflation is going to continue. If he expects it to continue the people of Canada will expect it to continue and they will be making preparations for this in their forward contracts, whether they be labour contracts or any other type of contracts. In those circumstances, what chance have we of bringing inflation down to an acceptable level?

We must adopt different approaches. I do not mean that we should abandon fiscal and monetary measures. Of course we must have them, but the government's own white paper in December last said that these measures are inadequate. For a couple of years past the O.E.C.D. has recommended that the government start to work toward an incomes policy. The governor of the Bank of Canada has made the same recommendation.

Surely the government must realize by this time that you do not halt inflation just by creating unemployment. This was the policy of the minister's predecessor who said in this house that if it was necessary he would create some slack in the economy and unemployment, and this the government proceeded to do. We have now got the unemployment but we have more inflation than ever before.

Some new methods must be adopted to reinforce our attack on these problems. Ever since I came into this house I have urged that the government screw up its courage a bit and mobilize the Canadian people to fight inflation by getting together with business, labour and the community at large and developing guidelines, not as a permanent solution but as a way of breaking out of the vicious circle in which the Minister of Finance and the government have placed Canada.

Some hon. Members: Hear, hear.

Mr. Stanfield: I doubt, sir, that anybody is more aware than I am of the difficulties in price controls. But I do know that the fairly simple guidelines employed in the United States a few years ago—

Mr. Benson: Did not work.

Mr. Stanfield: —were substantially responsible for the United States doing a far better job for a number of years in controlling inflation than Canada did, and those guidelines broke down when they were not backed up by adequate, appropriate fiscal policies just because Congress would not act. Lord knows, by contrast, Mr. Speaker, the minister has got through enough tax increases in this country. I recommend this very earnestly as an interim measure. I recommend that the government seek the co-operation and help of the Canadian people. I recommend that it convince them that Canada is going to break out of this inflationary psychology, is going to fight it effectively, and that the government is going to stop fooling around year after year with tax increases. This at least would give the Minister of Consumer and Corporate Affairs time enough to get his Incomes and Prices Commission set up. If we give the Minister of Consumer and Corporate Affairs a year's breathing space he might get it set up. But are we going to wait around for years and

years for the members of the Prices and Incomes Commission to recommend policies to the government? Are we going to keep on raising taxes each year and seeing more and more inflation? Again, Mr. Speaker, why will the Minister of Finance not do something about establishing the forecasting unit recommended by the Economic Council of Canada and by the Private Planning Association? There is not one possible reason he can advance for this failure except the inertia of the government.

The minister's methods are not only failing with regard to inflation, putting a cruel and unjust burden upon the poor and the unfortunate, but the policies he is resorting to more and more all the time, policies of taxation applied uniformly across the country, are creating unemployment, are creating unnecessary hardship, are creating unnecessary waste of human resources in Canada. These policies are not only ineffective but they are brutal. These fiscal and monetary policies applied uniformly across the country depress the areas of slow growth such as the province of Quebec, the Atlantic provinces and other parts of the country.

As my distinguished colleague, the hon. member for Carleton-Charlotte (Mr. Flemming), said a few years ago, it is like giving castor oil to everybody whether they need it or not. Unquestionably the Minister of Finance is increasing the degree of economic disparity in Canada. Unquestionably he is very substantially increasing the difficulties of the Minister of Regional Economic Expansion (Mr. Marchand) through these fiscal policies that he is imposing, these uniformly applied tight money policies that he is developing.

A few weeks ago when he was among the people affected in New Brunswick the Prime Minister recognized that these policies were working hardships on them. What did he say to those people when he was among them? He said, "We are going to increase our expenditures down here to offset this." But what did he and the Minister of Finance do when he came back to Ottawa? Nothing, Mr. Speaker.

The program of the Minister of Regional Economic Expansion is a long-range one. He himself admits that it will take years for the program to get off the ground. In the meantime the Minister of Finance is putting the economy in the slow growth regions of Canada more firmly on the skids. There can be no doubt about the dampening effect of his fiscal and monetary policies, and there can be no doubt that they ought to be offset. It is in the national as well as the regional interest to do this.

There are no inflationary pressures in those unfortunate parts of the country. What they do have is idle human resources. On the other hand, a great deal has to be done in those parts of Canada to prepare for the work of the Minister of Regional Economic Expansion, as that minister himself would be the first to agree. There is the question of the level of growth-related government services provided in those areas. There is the question of an adequate economic infrastructure.

Hon. gentlemen opposite may refer to the new program for Prince Edward Island and to the ARDA program adopted in New Brunswick. Mr. Speaker, my impression is that the New Brunswick program is more or less as flat as a pancake, and the P.E.I. program has not yet started and will take some time. In any event, much more is required if the growth concept advocated by the Minister of Regional Economic Expansion is to be implemented.

This sort of thing ought to have been planned in ways which would not add to inflationary pressures in Canada. There has been plenty of time for the planning. At the time of his budget last October the Minister of Finance knew what the effect of his fiscal measures must be in these areas. He must have known that the money supply had to be tightened up, that the Bank of Canada could not go on increasing the supply of money at the rate it had during the previous year, substantially to enable the Minister of Finance to sell his bonds. This simply could not continue.

• (3:50 p.m.)

There was plenty of time for planning. The most charitable thing to say is that the minister did not look very far ahead. But even so, are we to move through a whole fiscal year with these depressing effects on our wheat farmers, for example? Are we to go through a whole fiscal year with the economy, or a substantial part of it, being more and more depressed month after month? The Minister of Finance will say that he has inserted selective methods of controlling inflation such as his deferral of depreciation allowances on commercial buildings in certain centres. In all sincerity I wish to compliment the minister on a matter of principle for recognizing the desirability of the use of selective measures to control inflation and for recognizing, I think for the first time in any formal way, that inflationary pressures are not uniform throughout the country.

So far as the effectiveness, the appropriateness and workability of this proposal is concerned, that is another matter about which a number of members have had something to say. I wish to emphasize that I approve in principle what the minister has recognized. I want to emphasize also, however, that this measure, even if it does have the effect of slowing down commercial construction in these centres, will not do anything to encourage the development of the slow growth areas. It will not do anything to obviate the depressive effect of the general fiscal and monetary policies of the minister. I suggest that we need flexible fiscal and monetary approaches. I am not suggesting a different interest rate for the banking system in different parts of the country. But I believe we can achieve a flexible system of brakes to be applied to credit in different parts of the country. I have argued this for a dozen years. My point of view now seems to have some respectable support.

I understand the minister is to meet with the bank presidents later this month. I hope he will urge them to apply this policy in the Canadian banking system. I think this can be done without adding to the difficulties of the banks, because only a small demand out of their total credit arises in these regions of slow growth. I sincerely urge that the minister take a progressive step forward by encouraging the banks to take this step which would mitigate to some extent the other policies proposed by the minister. I can understand the minister's concern about protecting his surplus. He will be raided from all sides. But certainly the fight against regional disparity is supposed to be a top priority of this government. Certainly his policies in general are deepening regional disparity and deepening the difficulties the government will have in overcoming this disparity, as well as creating hardships for many thousands of Canadians.

I suggest there are also offsetting factors, particularly when one considers the multiplier effect of the appropriate expenditures in these areas such as those in connection with unemployment and welfare. They could increase the government's tax take in those areas. There would certainly by no means be a complete net loss to the treasury. I say in all sincerity that the present policies as proposed are callous and damaging to the national as well as regional interests.

There is another area, the cash position of the western wheat farmers, which I believe to be an emergency position. There are other problems for the farmers of this country but I believe this represents a real emergency. Yet we see nothing but vacillation and obscurity on the part of the government when we ask whether anything is to be done. Is the government waiting until the recess? There have been a number of proposals made such as the two-price system, assistance through acreage payments and the payment of some of the charges for storage on the farm.

I realize there are some objections to some of these proposals. There can be objections to any proposal which might be put forward about anything. But the difficulty in which these people find themselves is beyond their control. Their difficulties are not the result of their own mistakes or judgment. These are not difficulties in which people have become involved because they are inefficient. I understand that many of the best farmers in western Canada are seriously short of cash. There is an emergency. I say to the government: "Do not let these people go down the drain. Stop fooling around.

Some hon. Members: Hear, hear.

Mr. Stanfield: I suppose the minister will talk about the advantage of his tariff cuts to the people in the west. I think the tariff cuts are fine to the extent that they increase competition and to the extent that they tend to inhibit price increases. Some say they will not have any effect in that direction. I am prepared to agree with the minister they probably will have some tendency to fight price increases and bring some prices down. Let us assume that.

In addition, the effect on Canadian industry is difficult to measure. I really seriously query whether the minister does know or took the trouble to find out what the effect on industry will be. Will it have the effect of bringing into immediate operation the reductions which have been announced to take effect a few years hence? I doubt that he knows how the effect will be distributed across the country. Master as the Minister of Finance is of non sequiturs, I never expected him to argue that industries would get in no difficulty as a result of this surprise announcement just because they were able to adjust in an orderly way to an open and disclosed reduction to take effect over a number of years. I suggest that this kind of sudden change in the rules without warning—I might as well be blunt about it since we are face to face—is stupid and unnecessary.

I do not claim that all Canadian manufacturing industry is efficient and I do not object at all to persistent and rational exposure of Canadian industry to pressure of competition with a view to increasing its efficiency and encouraging it where necessary as well as restructuring the industry. But this process in any event is difficult for industry. The adjustment is difficult. The process is painful and it involves risks because ordinarily it involves increased investment to achieve a result which cannot be certain. Above all, it requires confidence. A man who faces this kind of increased competition and who makes the necessary investments and adjustments must have confidence.

• (4:00 p.m.)

The sudden arbitrary action of the Minister of Finance in announcing this kind of change without notice can only be unsettling, destructive and have the effect of weakening the confidence which the Canadian businessman needs. I must say to the minister that Canadian business people cannot now count on what the government is likely to do. The government announced it would eliminate the 3 per cent surtax at the end of this year. It has abandoned that commitment. The government announced in the house that there would be an orderly reduction of tariffs under GATT over a number of years and then suddenly, without any notice, told us that as of tomorrow morning the rules would be changed. There is no need for this sort of thing. This sort of surprise and shock does not encourage a maximum restructuring of Canadian industry. It simply introduces a further element of irrationality into the process, namely, that possibly arbitrary decisions by this government will come at an increasing rate.

Furthermore, there is no compensating opening of trading areas to Canadian industry. Surely if this government knew what it was about, and if it was prepared to concede more than it did at the time of the GATT treaty, it would have been able to get more in return at that time. It would have been able to open doors. This is another example of these sudden switches in policy for short term effects, not really related in any rational way to long term planning. This is gimmickry, and that is all it is, of a very uncertain type.

There was very heavy emphasis put on the need for the restructuring of Canadian industry and increasing its efficiency. Those who talk about this process do not give adequate attention to access of Canadian industry to markets on terms of reasonable competition with their competitors. I think it is a very questionable belief that Canada can restructure its industry and develop substantive industry in the technological era, with all the necessary economics of scale, by relying simply upon multilateral arrangements. Even if it could, this kind of arbitrary announcement by the minister is not a necessary part of that process.

It is fair to say that Sweden has been exposed to international competition for a long time and has developed highly specialized industries. Sweden is part of the Outer Seven and has tariff free access to a market of some $100 billion. Even though it has access to a free market of this size it is trying, like Britain, to get into the Common Market. Yet Canada is trying to develop this kind of sophisticated and modern industry with free access to a market of less than 25 million people.

How can we be expected to share the same kind of pressures that affect Sweden and Britain? Is Canada different or distinctive in this respect? Are we not going to be subject to the same pressures? Does this not involve the encouraging of the restructuring of Canadian industry by increasing competition through lowering tariffs? If we are going to compete successfully in this world we must have access to necessary markets on terms comparable with those of our competitors. A firm in the United States has tariff free access to a market of 200 million people. The same applies to an industry in the Common Market where there are no tariffs. Having regard to the exposure of Canadian industry to increased competition, this must of necessity be only a part of an adequate program to encourage the efficiency and development of Canadian industry.

Surely the Canadian concessions the minister announced could have been used to open some doors which in turn could be well used by the industry of Canada, thus allowing them a good chance to compete internationally. Surely at the very least these concessions could have been used to help Canadians involved in the oil industry, and other Canadians in marketing their fish or wheat. It is difficult to understand the arbitrary stand and processes of thought of the Minister of Finance. When he was giving something away he did not even take the trouble to get something in return.

In his budget address the Minister of Finance made reference to the very crucial

question of federal-provincial fiscal relations. He stated that he was "encouraged by the evidence of closer consultation and co-ordination in fiscal policy".

He congratulated the provinces on their "most strenuous efforts...to improve or maintain budgetary balance." Most of the provinces do deserve hearty congratulations on their budgetary efforts and their willingness to accept a share of the responsibility for the double-barrelled battle against inflation and unemployment. This, in some cases at least, required extremely difficult political decisions under difficult circumstances.

What is cause for extreme concern on the part of all Canadians is the extent to which the provincial budgetary efforts have been made even more difficult by the irresponsible activity of the present federal government. A brief glance at some of the budget addresses made by provincial treasurers this spring is enough to convince anyone that the process of federal-provincial consultation and co-operation is not quite as harmonious as the smiling Minister of Finance would have us believe. At least he smiled at the time he said it, which was just as well, I think.

The federal government seems to consider itself exempt from such limitations. The most glaring example of the unwillingness of the federal government to abide by the spirit, if not by the letter, of the agreements and arrangements with the provinces was the implementation of the regressive social development tax, and doing it in such a way that it was not shared. This tax measure is regrettable not only because it is regressive but also because it callously excludes the hard-pressed provinces from their normal share of revenues derived from taxes on personal income.

This federal action was denounced in almost every provincial budget this spring, and justifiably so. While the denial of legitimate revenues to the provinces is a serious offence, the real danger is that such arbitrary federal actions will completely destroy the commonly accepted norms of fair play that are the real basis of the binding effect of agreements between governments which are all sovereign in their own spheres. That this is a danger was clearly hinted at by Finance Minister DesBrisay of New Brunswick when he referred to the social development tax in these words, which I am sure are well imprinted on the mind of the Minister of Finance:

> Ottawa's response has been that each province must establish its own...taxation policies within the existing federal-provincial arrangements.
>
> I regret to say...that in our opinion the federal government by its own subsequent actions has made it exceedingly difficult for the provinces to follow that advice.

I should not have to paint a picture for hon. members of the results which would inevitably follow if federal actions made this type of feeling too widespread.

However, what is most worrisome for the future of federal-provincial relations is the fact that the social development tax is only the most visible example of a more general attitude on the part of this government. It appears that the minister's and the government's concept of consultation and co-operation is a one-way street involving provincial accommodation to federal decisions unilaterally taken. Such an attitude can only fan feelings of distrust in the provincial capitals of this country.

Anybody who reads the provincial budget speeches will see ample evidence of provincial disenchantment with the federal attitude. For instance, the uncertainties and disruptions generated by this kind of unilateral knife-wielding by the minister in Ottawa on important share-cost programs have been roundly denounced. In case anybody should think I am referring to people who might have a political bias, let me refer briefly to a statement by the provincial treasurer of Saskatchewan. Mr. Steuart observed, and this is a pretty serious assertion:

> I am convinced our national unity demands a higher level of integrity than now exists in federal-provincial fiscal negotiations.

I would not like to have someone say that about me if I were the Minister of Finance, particularly someone I thought was a friend of mine. Mr. Steuart claimed that "at times Ottawa seems to be trying to hoodwink us."

• (4:10 p.m.)

An hon. Member: Shame.

Another hon. Member: Shocking.

Mr. Stanfield: Ontario and other provinces are worried about the lack of adequate consultation and co-operation with regard to tax reform, and I could quote the Ontario provincial treasurer.

The federal administration must learn the real meaning of its preachings on the need for continuous close consultation and co-operation between the two levels of government. Real consultation requires give and take, not the way the Minister of Finance (Mr. Benson) has been behaving in the past. The minister's

position is incredible. He says: "Go back and raise your own taxes if you need more money", and at the same time he is carrying out policies which in practical effect require the provinces to spend more money.

This is a two-way street. It is not a hollow issue. Canada has developed to a point where it is virtually ungovernable without co-operation between the federal and provincial governments. The scope of provincial and municipal activity has grown so much that this fact is very clear. The provinces are important, dynamic agencies, and their continued co-operation is needed to ensure the success of a large range of federal policies. There is only one taxpayer. It is the same taxpayer to whom the minister resorts, to whom the municipalities resort and to whom the provincial governments resort. It is one and the same fellow who has to suffer the effects of the minister's behaviour. He is ground between two stones; he is faced with both municipal and provincial taxes and those imposed by the minister. It is for these reasons that the present attitude of the government toward consultation with the provinces is regrettable, and it is for these reasons that the federal-provincial fiscal dialogue must not be allowed to degenerate into a federal monologue.

The real tragedy is the many holes in this budget, the errors of omission as well as those of commission. The minister refuses to listen to our pleas to at least moderate the regressiveness of the social development tax. There is no concern at all for the terrible problems of poverty which we find in this just society of ours. There is no advancement; indeed, there is a retrogression in the fight against regional disparity. The acute problems of the western farmers are being ignored. We fear the continued impact of these general taxation policies on unemployment and on the slow growth areas. Needless to say, the minister continues to ignore the recommendations of his own task force with regard to the 11 per cent sales tax. I know he needs revenue, but there are fairer ways of raising it which would do less damage to this country.

When the smoke clears, all the minister can say is that he expects no decline in the rate of inflation in Canada this year. The government has failed; in fact I think we can say it has failed miserably. In his first budget speech the former Minister of Finance said:

> —if we do not by one means or another succeed in moderating the increase in aggregate expenditures this year, the most immediate penalty we shall suffer is an inflationary increase in prices.

We are still waiting. There is nothing in this budget to give us confidence that the minister can solve these difficulties. This budget and the record of the past years of Liberal government are a testament to the failure of the traditional policies employed by this government. Something more is needed, something which can break the back of an inflationary psychology.

I have been suggesting for some time the consideration of an incomes policy for Canada, or wage and price guidelines, not as a panacea but as a support measure. I recognize that opinion is mixed as to its merit. We have long passed the stage when we must bring all available artillery into the fight against inflation which will enable us not only to fight inflation but to fight also the problems of the homemaker, the poor, the regionally disadvantaged and other unfortunate Canadians. This budget makes an inadequate attack on inflation and the result is not only the postponement of an effective attack on urgent problems in Canada but, regrettably, a far worse situation. I urge the members of the house to support our amendment.

Mr. R. L. Whiting (Halton): Mr. Speaker, as I travel throughout my constituency of Halton I meet more and more people who are becoming increasingly concerned about the rising cost of living. They ask where all this is leading to because they realize that the answer, so far as they are concerned, is not to be found in an annual increase in the pay envelope so that they as individuals and as heads of families can meet these rising costs. Thinking people—and I include many people who are connected with the labour movement whom I have met—realize that somewhere there must be an end to this trend, and it may not be a happy one.

An increase in a person's wages or salary under present-day conditions can only be a temporary cure. The average man will be at the same place a year from now as he is today, without enough money to buy the things he needs or would like to buy because in the intervening time living costs have increased in too many cases to a greater degree than the increase in money he received. Therefore I would like to look at this question of inflation from the standpoint of both the individual and the government. I would like to look at what inflation is doing to the individual and what it is doing to the country as a whole.

Of course we realize that wages and salaries are not in themselves a cause of inflation. In fact, increased wages and salaries need not contribute to inflation if they are related to productivity. In Canada, as in other countries, inflation is affected by world prices, government spending and monetary policies.

As I have said, many of my constituents have asked where this inflation is leading us. As a member of the Standing Committee on Regional Development I have focused my attention especially on the effects of inflation on the Canadian way of life and on what it is doing to the people who are not in a position to receive an annual increase in income. This takes in a very large group of people and exceeds in numbers those who have to live on fixed incomes such as the elderly and those living on pensions. There are also large numbers of people in many areas of Canada who have no way of increasing their incomes.

One of the reasons for this is found in the centralization of economic activity that is taking place today. People are being drawn to the larger urban centres. As these urban centres grow, so do the markets that surround them, thus creating an economic climate that lures an ever-increasing number of industries to establish within a radius of these areas. Business establishments located beyond the perimeters of such areas and markets find it difficult to compete unless they have some natural resource or an asset from which they can benefit.

Thus we find areas in Canada where the incomes of the people either remain stationary or decrease while the general cost of goods and services rises. Because of this present and growing disparity in activity, and what I have already seen as a member of the Regional Development Committee on our recent trip to certain areas of western Canada, I was most encouraged to see that the Minister of Finance is aware of the effect that inflation is having on these disadvantaged areas, and the government has made the program of the new Department of Regional Economic Expansion a major commitment.

• (4:20 p.m.)

The fight against inflation and programs for regional expansion must go hand in hand. Otherwise, inflation will be a constant drawback and restraint to the success of these programs no matter how well-intentioned and how well-conceived they may be.

Of course, all is not sweetness and light in those areas where Canada is enjoying its most active economic expansion. Inflation has had its effect on housing and this is one of our great national problems. The net result is that many men who are able to find jobs are not able to find housing accommodation at a cost which will permit them to enjoy a standard of living which includes a good environment.

Although housing legislation was discussed in the house in the past week, I would like to make a few comments at this time on the subject. In spite of statistics which show that this year will likely be a record year in terms of housing starts, we will continue to have a very serious problem on our hands until such time as the people of this country feel that they have adequate housing. As long as people are unhappy with their present housing circumstances and are unable, for whatever reason, to move to something better, I believe we have an obligation to exert whatever effort and energies we can to improve housing conditions.

Many people, including builders, economists, scholars and home owners, have called the present situation a housing crisis, a money crisis, a land crisis, a mortgage crisis. Might I add, Mr. Speaker, there is also a people crisis involved in certain aspects of this problem. There is no doubt in my mind that if the right people co-operate at all three levels of government the present housing dilemma can and will be solved.

I am very pleased with the recent legislation introduced by the government which includes a move to allow N.H.A. mortgage rates to be reviewed every five years. This will do much to bring banks and trust companies into the mortgage market in a bigger way. Experience with conventional mortgage loans has proven five-year terms to be very appropriate. I think we are also wise to make more funds available for direct loans and generally to encourage more funds into Canadian mortgages. However, it is imperative we realize that providing mortgage money is not the only answer. We must look also to land costs, building codes, construction methods, new products and labour efficiency if we are to succeed.

We must, I think, be acutely aware of those who earn $5,000 to $6,000 or less per year. We must also think of the young married couples just starting out. Above all, it is our duty to see that the older generation who have already made their contribution to this country will, in their declining years, have peace of mind in the knowledge that adequate housing is available to them. We owe this to those

of our senior citizens who through the years have given service to this country.

It is, therefore, my contention that we must look at housing not only in the light of the inflation which has taken place within the industry itself, but also at the effect inflation is having on the entire economy of the country and the living standards of the Canadian people.

It has been pointed out that Canadian exports amount to $17 billion annually. This represents one-quarter of the gross national product. Obviously, exports are a cornerstone of the Canadian economic structure. A fluctuation of any proportion can affect the well-being of our citizens, as it affects government income and government programs. It is, therefore, essential that everything possible be done to protect and promote our exports. What is actually being done about this both privately and by government?

Let us look first at what the government is doing. I think Canadians should realize that some of the measures taken by this government reveal a considerable degree of political courage which is essential at this time. It is somewhat akin to going to the doctor and having him tell you, "This is going to hurt." You are not very happy with him at the time but you know the treatment is going to result to your benefit.

I refer to the recent increase in postal rates imposed by the Minister of Communications (Mr. Kierans) and to the tax on airline tickets included in the budget. Both these measures indicate the desire of the government to place public services on a businesslike basis to ensure, where possible, that people are asked to pay for services rendered to them rather than making those services a burden on the public at large.

In his budget address the Minister of Finance (Mr. Benson) indicated the intention of the government to live within its income for the first time in 12 years. This is welcome news to me and to my constituents. I represent a constituency embracing a community which pays more per capita into the federal coffers than any other municipality in Canada. In fact it is my belief that this statement could apply to my whole riding. Naturally, my constituents are concerned with the manner in which government money is spent. In this respect I doubt that they differ from the constituents of any other hon. member. When, for example, the Auditor General's report was published, the press in Halton took a good hard look at it. In fact one newspaper devoted a whole week to printing excerpts from this report and commenting on them. Some of these comments were not too complimentary, and justifiably so.

I think the time has come when we must stop thinking that laxity in the supervision of the spending of public funds can be regarded as an acceptable, government practice. Each and every member of this house who serves on various committees must take it upon himself to scrutinize the manner in which public moneys are spent. If he fails, then every Member of Parliament must be prepared to face an aroused public. I believe a start has been made in this direction, judging by the aggressive manner in which the Public Accounts Committee is looking into the way in which certain expenditures have been made in the past year. I would like to see the same efficiency and diligence as is displayed by the federal government in the collection of taxes—and I am happy to see the Minister of National Revenue (Mr. Coté) present in the house—applied to its spending of the Canadian taxpayers' money.

I should like to make one further reference to the fight against inflation which the Minister of Finance called the No. 1 priority in economic policy in the course of his budget statement. A few minutes ago I pointed out that exports are the cornerstone of our economy and that we must do everything in our power to see they are not jeopardized. It has been said on many occasions that if the price spiral continues it is within the realm of possibility that we shall price ourselves out of the export market altogether in many areas. This would immediately lead to mass unemployment for many Canadians and a serious decline in economic activity. I stated at the beginning of my remarks that many people have asked: where is this inflationary spiral leading? I think that is the answer if we are not capable of stopping it.

• (4:30 p.m.)

It is essential that we reverse the cost spiral. A good start has been made in the budget by the immediate implementation of the Kennedy Round of tariff reductions. The next step is action on the part of Canadian manufacturers. Many manufacturing companies have public relations departments or public relations advisers, and all are concerned with their public image. May I suggest to them that they focus public attention on their ability to improve efficiency and productivity in order to lower consumer prices. By doing so with honesty and sincerity of intention, the

constant and ever-recurring demand for increased salaries and wages would lose much of its validity. The point to bear in mind is that it is not just the dollar in one's pocket but how much that dollar can buy. If we in Canada can keep our prices competitive, we can enjoy the greatest prosperity, industrial peace and the highest standard of living in the world.

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, there are some good features in this budget and these have been detailed for us by government members. However, I feel that the budget cannot be judged simply by its good features. We have all heard of the curate's egg, which was good in spots. But the effect of the curate's egg was not good, even though it may have had some good spots. This budget must be judged according to its total effect.

I am not going to deal with the good spots today but with the effect of the budget, as I see it, on the majority of the Canadian people. Undoubtedly some people must have faith and confidence in this budget; otherwise it would not have been framed as it is. But a good many people I meet do not have faith and confidence in the budget, and I might point out that I do meet a good many people. The people I meet are becoming worried, and badly worried.

These people see a government with a big over-all majority. Remember, we were told that we had to have a government with a big over-all majority in order to get things done. These people see a government with wide legislative jurisdiction able to pass the legislation it desires to pass. They see a government with taxing powers apparently unrestrained and unlimited. They are assured that the government has access to the brightest minds in the country, in the civil service and among economists.

This government has repeatedly told the voters since the last election that it has been gearing up to get its machinery going so as to bring about a just society in this country. Since the budget has been brought down and all of this machinery has been set in motion, these people who have waited expectantly for results are seeing a government that apparently is completely unable to curb the steady rise in the cost of living, a government, indeed, that says that inflation is inevitable and will continue, a government which, so far from being able to do away with and prevent pockets of poverty, is apparently unable to prevent these pockets of poverty from growing into regions of ruin.

[Mr. Whiting.]

These people see a government that is unable to prevent the erosion of our economy by unemployment and replace unemployment by the steady growth of productive industries and services in this country. They see a government that is unable to supply hope for people old and young across the land. Worst of all, they see in this budget a government that is repeating the same techniques that led to our present miseries, making the same mistakes over and over again in every field I could mention.

I believe that the people are not only concerned but very seriously worried. Increasing numbers of people have told me during the last while that they are beginning to be worried that the economy of this country is rapidly getting out of control, that we have a government that is quite unable to handle the situation, a government that is allowing things to drift and which cannot do anything about it.

Since I come from the province of British Columbia I would compare this situation to a forest fire that is raging across the country, the forest fire of inflation that means a higher cost of living and lower income. The government is dousing this forest fire with gasoline while at the same time telling the people that it has the very latest in water bombers, that it has a wonderful crew of economists and civil servants, that it has the last word in techniques, such as white papers, boards, commissions, task forces and all the rest. It also has the best gasoline to be had in the whole market. These are the suspicions that people are beginning to have. They are content to give the government an "e" for effort, but the consequences for the Canadian people are terrible and are becoming worse.

Let me detail very briefly the kind of people who are being menaced by this budget, those for whom this budget is a bitter disappointment, not only a bitter disappointment on paper but a budget that hurts them in reality.

First of all, I would mention our old age pensioners and other people who have retired such as superannuated public servants, as well as people living on small fixed incomes which were determined before the cost of living rose to the level it is today. Typical of these people is the old age pensioner group. The cost of living rose 4 per cent last year while their pensions went up 2 per cent. The gap will be even wider this year since the

latest available index of the cost of living shows a rise of 4.7 per cent while pensions are tied to a statutory 2 per cent increase. We are told that the forecast is that the cost of living may drop in the immediate future, but the record so far gives no hope for that. Even the government does not claim there will be anything but an increase in the cost of living as we go along into the future.

My colleague, the hon. member for Winnipeg North Centre (Mr. Knowles) outlined the other day what has happened to old age pensioners since the government gave them the guaranteed income supplement. A great many of the elderly recipients of old age security who also get the supplement, which means that they cannot get less than $105 a month, plus cost of living increases, are now placed in the position where they are taxable because of the supplement. So in actual fact they are worse off as a result of receiving the supplement than they were before.

This is why people are so alarmed at this government's incompetence, if I can use a kind word, though I could use words much less kind. The government is giving something with one hand and taking it away with the other. It is not that its right hand does not know what its left hand is doing but that the government hopes that the person who receives a few cents in one pocket does not feel a few more cents very skilfully being taken out of his other pocket at the same time. That is the first group I wanted to mention which is actually being menaced by this government as a result of the spread getting wider between what they have to live on and what they have to pay out.

• (4:40 p.m.)

The second group I want to mention is the young people of this country. The minister may tell us that young students can obtain student loans. I will not enter into an argument on this point. Often such loans become mortgages on our young people's futures. Many young people are unwilling to assume obligations they cannot pay off. Consequently they are reluctant to borrow money for their higher education. Also, notwithstanding the pious statements coming from the government front benches, students across Canada are finding it extremely difficult to obtain jobs this summer. In the Vancouver area last year half the young people looking for summer jobs did not find any. Undoubtedly the student unemployment situation in Vancouver will become worse this year, and what is true of Vancouver is true of other centres across Canada. So what is the sense in the minister saying to our young people, "Take out a loan and mortgage your futures in the name of higher education even though you will not be able to find a job and thus liquidate your debt." This reminds me of robbing Peter to pay Paul. You are putting something into one pocket and taking it from the other.

Our veterans are the third group of persons I wish to talk about. They have inadequate allowances. For months and months they have been led to believe that veterans allowances are to be increased. The government told them that as soon as the Woods report was handed down veterans living allowances would be increased. Well, that has not happened. No doubt many hon. members have received letters from veterans on this subject. I know that veterans and their families are suffering. Now the government tells us that veterans allowances will not be increased during the present session. Apparently the government wishes to present us with a *fait accompli* by having a white paper ready when the Woods report has been studied. The government wishes to prepare its legislation and does not wish veterans to know the contents of that legislation ahead of time. If we had participatory democracy in the true sense the government would have asked veterans and their organizations to appear this session before the Standing Committee on Veterans Affairs and make representations. The government could then act on those representations. That has not happened.

Clearly, the government still believes that it must act as the great white father not only to our Indians but also to groups like our veterans. The government says, "We know what is best for you; we have studied the question. We sit here in Ottawa and we know what is good for the people of this country." Our veterans are hard done by. Rising living costs make it hard for them to make ends meet, and so far there is no sign that veterans incomes are to be brought into line with living costs.

The fourth group I wish to speak about is made up of our Indian people. In this country we have not begun to help our Indians and Métis in an adequate way. The other day I was pleased to see on my desk a communication from the Métis of Alberta. I have not yet studied the justice of their position but I like the tone of their demands. These people are now saying, "We have listened long enough; now we want straight answers to straight questions." This session is drawing to an end and our Indians have not been dealt with

justly. Many of them have incomes well below the poverty level.

The fifth group I shall speak of consists of immigrants. They come to this country and have many difficulties to face. Although many centres across Canada try to help our immigrants, they still need help. The Vancouver authorities try to help immigrants. The Vancouver School Board has been bombarding the government with requests for assistance with language training. The board wants the Department of Manpower and Immigration to help pay for English courses so that immigrants may be taught English and obtain jobs. English is not being taught, properly and adequately, to immigrants in Vancouver, the reason being that the Department of Manpower does not think it is under any obligation to provide English courses. I point out that unless immigrants have a knowledge of English, they will find it very difficult to obtain jobs in British Columbia.

The Leader of the Opposition (Mr. Stanfield) talked about the farmers, and I, too, wish to talk about the farmers. Many of our farmers face hard times, and this budget does not help them. My colleague the hon. member for Moose Jaw (Mr. Skoberg) is reported in a press article to have said yesterday that farmers without cash ought to be allowed to pay their income tax by dumping sacks of wheat, damp or dry, on Parliament hill. That would be payment in kind. The minister may think it inconvenient to be paid with grain but, as my colleague from Moose Jaw said, "There's just no bloody cash,... period." The government has done very little for our farmers.

Next I wish to talk about women. I have received a letter saying that 76 single working mothers in Toronto would like the government to allow them deductions for babysitting expenses. Without babysitters they cannot go out to work and support their families and they need deductions if they are to afford babysitters. I have been talking about this matter ever since I came here. If all the words of consideration the minister has uttered on this question were to be strung together they would stretch from Victoria, British Columbia, to St. John's, Newfoundland. So far, however, babysitting expenses are not deductible. This is another matter on which the minister ought to take action.

Next I shall talk about the poor and the poverty stricken people across this country. If we we are to believe the Economic Council, there are millions of poor in Canada. I was much interested in the report of the Canadian Council of Churches and the Canadian Catholic Conference which studied the question of the Christian conscience and poverty. This Church group said in its report following the May, 1968, meeting in Montreal that the poor are no longer willing to accept the old attitudes. According to the report of the church group the deprived now say to the privileged, "Damn your charity; give us justice." This budget does not give our poor people justice.

I could go on talking about old age pensioners, the retired, our young people, veterans, Indians, immigrants, farmers, single mothers supporting families, the poor. The reaction of these people to this budget is one long, collective groan. They are groaning because their faith in this government has collapsed. Abraham Lincoln once said that the legitimate object of government is to do for a community of people what they need to have done but cannot do for themselves. Our government subscribes to this creed in wartime but not in peacetime. We must convince this government to subscribe to this creed in peacetime and to do for our people in peacetime what it has only done for them so far in wartime.

Members of my party have outlined what measures the government ought to enact. The Carter report ought to be implemented. After all, the taxpayers paid good money for that report which says that people should be taxed according to their ability to pay. We have told the government that it must protect Canadian industries from the encroachments of foreign corporations, no matter whether they hail from the United States, South Africa or elsewhere. We have said revenue must be used to assist the public sector. Money must be used for hospitals, housing, education, pensions and pollution and not to meet the debts of private companies which pile up a debt of $80 million that is promptly forgiven by the government on the ground that it is a technicality. We have said that the talk of a guaranteed income has to be made a reality. This patchwork of handouts and support involving various kinds of welfare must be supplanted by a good guaranteed income scheme which will protect people.

• (4:50 p.m.)

These are the needs the federal government should be looking after in 1969. These and the all-important need of getting genuine co-operation from people through local organizations are what are required. They are something

this government knows nothing about and could not care less about. Until the government reckons with societies of people in housing developments, with co-operative groups of people in the field of merchandising, with people who want to work together to build their own health clinics and who would be willing to support these co-operative local groups, any talk of participatory democracy is just so much wind.

These are the things the government should be doing instead of sitting here in Ottawa, backed up by the civil service and the economists, telling all the people that belt-tightening is good for the figure and it will not hurt very much if you think it won't. It is the belts of the people here in Ottawa that are not being tightened. We must have investment to care for the needs of people. That is the only way we are going to be able to build democracy as defined by the words of Abraham Lincoln, that is, government of the people, by the people and for the people.

We shall support the amendment of the official opposition and the amendment of the New Democratic party. We shall vote against this budget which falls short of meeting the important needs of the majority of the Canadian people.

[*Translation*]

Mr. Fernand-E. Leblanc (Laurier): Mr. Speaker, in view of the continued inflationist pressures in this country, it has become necessary for the Canadian government to introduce a semi-annual budget instead of an annual budget and this principle is approved by economists, businessmen and financiers in Canada, because they find it necessary and timely to review the economic evolution of Canada more rapidly or quickly than before and to make, as needs are felt, adequate improvements.

It goes without saying that the announcement of a budget always brings about turmoil among people who are anxious to know the measures that the government intends to take and the exact economic situation as well.

Then there is a suspense which, of course, comes to an end on the evening of the budget speech and from that moment on, everyone makes his comments on the positions announced by the Minister of Finance (Mr. Benson). Financial critics from the opposition parties, economists, businessmen, financiers and all the taxpayers give their views.

The budget brought down on June 3 is a practical and a favourable one, since it does not announce any tax increases and, moreover, is a balanced budget. Although some people might contemplate and, in fact, advocate other solutions, I can hardly disapprove the Minister of Finance. I wish to congratulate him for the magnificent job he has done since he is responsible for the finances of the country.

The plague of inflation is not peculiar to our country, since this phenomenon exists in every country of the world that enjoys intensive economic progress.

Inflation is a major problem that must be attacked directly to control it. Recently, I had the honour, with several hon. members, to participate in the 12th meeting of the Canada-U.S. Interparliamentary Association and this problem was discussed during the meetings of the trade and finance committee.

I found that the United States also use now conventional methods to control this problem, that is through fiscal and monetary measures necessary under the circumstances, and they have not yet succeeded in finding miraculous solutions. As in our case, they are reluctant to take the coercive measures advocated by several people. In this connection, I read recently, in the Hamilton *Spectator,* laudatory comments about the federal government, with regard to its anti-inflationary policy, and I quote:

> Inflation is more than a simple problem. It is a continuous and destructive anxiety that weakens the purchasing power of the dollar, affects the prices of Canadian exports, creates with a new army of shame-faced poors among those who have only a fixed income, social clashes of all kinds.
>
> According to many, such ill-effects caused by inflation are quite enough to justify drastic measures on the part of the government. More stringent measures may be considered in the future, when attempts to educate the public and promote voluntary restrictions have failed. But, at the present stage of Canadian economic development, the government shows wisdom in choosing, instead of a rigid system of wage and price control, a solution implying research and education. The government and its advisers still have a lot to learn about the complex economic forces that create inflation. And this applies equally to the world of business and to labour. Investigations of individual cases should give us a wealth of new knowledge.

Furthermore, it is in this spirit that the Minister of Consumer and Corporate Affairs (Mr. Basford) has established the Prices and Incomes Commission. Our American colleagues were surprised to learn of the existence of such a Comission in our country, as they have not themselves gone as far as that in their efforts to control inflation. Obviously, insufficient control in the United States may greatly affect our country's position, because

of the important economic relations between the two countries at the present time.

• (5:00 p.m.)

The inflationary spiral being stronger in the United States than in Canada, it is only normal that we should feel its effects constantly.

Our country cannot control inflation if our suppliers all over the world do not take really effective and appropriate measures. However, it is comforting to see our government performing some quite remarkable feats, such as a balanced budget in our present circumstances without increasing taxes in any way. In fact, we can say that taxation has reached the saturation point in our country, considering all the taxes raised by all governments, provincial, municipal and federal.

Mr. Speaker, it is strange to see that the taxpayers in the province of Quebec have experienced since 1960 an increase in their provincial taxes and a decrease in their federal taxes. Not long ago, Mr. Jean-Pierre Bonhomme, of the newspaper *La Presse*, published an article supplying comparative figures for 1960 and 1968, that was entitled *Taxes payable by an individual residing in the province of Quebec in 1960 and in 1968* and I quote:

Taxes payable by an individual residing in the province of Quebec in 1960 and in 1968 whose only source of income was a salary of $6,000

REMARKS: (1) The taxpayer's children are supposed to be eligible for family allowances;
(2) The taxpayer claims the general deduction of $100.00.

	1st case Single		2nd case Married without children		3rd case Married with 1 child		4th case Married with 2 children	
	1960	1968	1960	1968	1960	1968	1960	1968
FEDERAL TAX	$792.96	$585.56	$604.17	$431.84	$562.85	$389.63	$521.52	$347.42
PROVINCIAL TAX	132.15	418.32	83.81	304.70	75.85	304.70	67.69	304.70

The Minister of Finance has stated that there is another way to bring into play supply and demand to control inflation. It is to defer amortization or depreciation on commercial buildings erected from now on until the end of 1970. Such a plan was used 10 or 15 years ago and proved successful. All capital expenditures were then submitted to such a restriction which was later lifted after having achieved its aim. It is good to note that the present measure does not go as far as that since it does not apply to houses, industrial buildings, public services, public establishments, underpriviledged areas which are in fact protected by it since even if they do not represent inflationary factors they are subjected to it.

The Minister of Regional Economic Expansion (Mr. Marchand) stated on May 26, 1969 that the bill on grants to regional development would make it possible to provide some very strong incentives to industry, in order to increase employment in areas where it is low. Unemployment in certain areas is also an evil which must be eradicated as soon as possible, in order that Canadians throughout the country may satisfy their essential needs and fully identify themselves with Canadian life.

However, the incentives announced only apply to depressed areas and if we want to increase investments in all areas of Canada, in order to meet an ever increasing demand by raising productivity, I will take the liberty of making a few suggestions to the Minister of Finances, since he intends to undertake a complete review of the Income Tax Act.

Among the necessary incentives to attract risk capital in operations which are vital to our economic development, I suggest in the first place that the 20 per cent exemption paid by Canadian companies be raised to 50 per cent. I also suggest to the province of Quebec to do likewise. This government could also increase tax exemptions for research costs. It could increase tax deductions to companies developing our natural resources, especially in the case of Canadian companies. In addition to subsidizing jobs in underdeveloped areas, the government could allow companies to deduct from their taxable income double the expenses incurred for the retraining and education of their employees. No doubt those measures could be intensified, and I trust the Minister of Finance is competent enough to examine the possibility of implementing those suggestions and many others, of which he surely thought with his imagination and creative mind. With the help of his department's technicians and experts he will certainly find the most adequate solutions for the economy of the whole country.

To relieve the father whose revenue is less than $5,000 a year, the minister could study for the future the possibility of lowering taxes but without putting the entire burden on the wage-earner who gets between $5,000 and $10,000. The father should get the exemption for education fees when a student is not earning money and cannot find a summer job.

The minister could also raise the statutory exemption with regard to charitable donations and medical expenses, from $100 to $200.

Mr. Speaker, it would be easy of course to stretch the list of suggestions. However, to give a chance to all those who wish to express their views, since the debate is limited to four days, I conclude by saying that I am proud to be a Canadian, to live in a country with such extraordinary resources and wealth, of unparalleled beauty and magnificence. I am happy to be a member of a government that can take its responsibilities and does all it can to create a just and prosperous society in Canada, based upon the private enterprise system, which is the source of the highest standards of living in the whole world.

[*English*]

The Acting Speaker (Mr. Béchard): Order, please. I understand that the hon. member for St. Paul's wishes to say something.

ROUTINE PROCEEDINGS

EXTERNAL AFFAIRS AND NATIONAL DEFENCE

CONCURRENCE IN EIGHTH REPORT OF STANDING COMMITTEE

Mr. Ian Wahn (St. Paul's): Mr. Speaker, with unanimous consent I would ask leave of the house to revert to motions for the purpose of moving concurrence in the eighth report of the Standing Committee on External Affairs and National Defence.

The Acting Speaker (Mr. Béchard): Has the hon. member unanimous consent to revert to motions?

Some hon. Members: Agreed.

Mr. Ian Wahn (St. Paul's) moved that the eighth report of the Standing Committee on External Affairs and National Defence, presented to the house on Thursday, June 5, 1969, be concurred in.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I ask the hon. member why this is being dealt with now rather than at the regular time?

Mr. Wahn: It is purely a matter of convenience, Mr. Speaker. This report merely gives the committee leave to travel for the purpose of making a trip to North Bay on Thursday. Because of the shortness of time I felt it would be convenient to move concurrence at this time.

Motion agreed to.

GOVERNMENT ORDERS

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. E. J. Benson (Minister of Finance) that this house approves in general the budgetary policy of the government, and the amendment thereto of Mr. Lambert (Edmonton West) (p. 9880), and the amendment to the amendment of Mr. Saltsman (p. 9883).

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, I rise to take part in this debate for two reasons, first to make some general comments with respect to the budget introduced by the Minister of Finance (Mr. Benson) and, second, to say something about the effect of government action on the Canadian tobacco industry, particularly as it relates to the farmers, the people who grow and produce the tobacco.

• (5:10 p.m.)

In all sincerity I would like to commend the Minister of Finance, as many hon. members have already done, for producing a balanced budget. When deficits have occurred in public spending over a number of years it is always refreshing to find that at long last we are able to balance the budget. I suppose it is elementary to say that there are two ways in which this can be done. The first is by cutting down government expenditures to a level that makes the government live within its income, and the other way is to raise taxes to finance the expenditures already undertaken. Canadians across our land have been deeply disturbed that the government has been unable to regulate the problem and has been unable to set up guidelines for individuals for municipal governments in the various

municipalities of Canada and for the provincial governments, guidelines which if properly laid down and observed by the senior government would be the most effective way, I think, in which to apply the brakes to runaway inflation.

Previous speakers in this debate have cited some glaring examples of wasteful spending by various departments of the government. Three examples come to mind which have been mentioned before. One of the most glaring is the runaway cost of the arts centre which skyrocketed from approximately $8 million to $46 million. Then there was the cost involved in refitting the *Bonaventure*. So vast a sum of money was poured into that ship that now she is known as the Waldorf of the waves. Surely she must be goldplated.

Another large expenditure which is of concern to a great many people is related to the increase in the Prime Minister's staff, the greatest increase in the history of our country. A parliamentary return of last December indicated that as of November 1, 1968, the Prime Minister' office alone had hired 34 people at a total salary of $406,085. As of November 1, 1965, the office was able to get along with only 21 people at a total salary of $197,-492. That means that in three years the staff increased by at least two-thirds and the salary total doubled. This is only part of the picture. The Prime Minister has also been building up the office of the Privy Council. According to the estimates for the 1969-70 fiscal year it will jump from 209 people a year ago to 287 people for 1969-70. The salaries and wages of manpower in the Privy Council are estimated for 1969-70 at $2,599,-000, up from $1,842,500 in the current fiscal year. At this rapid rate of growth it will not be long before there are more people working in the Prime Minister's office than in the whole city hall in Toronto. Already the salaries paid the 34 people working for the Prime Minister are more than double the salaries paid the 34 people sitting in the legislature and cabinet of the province of Prince Edward Island. If this trend continues the Prime Minister will soon have hired more people than he has kissed.

I believe the government should have greater concern—and this is a concern of all people—about the burgeoning bureaucracy and the failure of government departments to abide by some of the recommendations made by the Auditor General year after year and about which year after year nothing is done.

The second way budgets are balanced is by increasing taxes. This is something to which we object. It is certainly the least palatable method. The minister has been able to forecast a considerable surplus to be juggled with, shall I say, in another year.

Perhaps I might be so bold as to make some suggestions concerning how he might use the surplus he has forecast in a manner that would bring relief to the Canadian people. First of all, it would seem to me that the basic exemption of $1,000 for individuals in respect of income tax should certainly be increased. It has remained at that figure since it was first instituted years ago. If at that time it represented living costs, surely now it should be increased two or three times. I believe that if this were done it might answer the complaint of the hon. member for Vancouver-Kingsway (Mrs. MacInnis) in respect of people receiving the old age security pension being taxed on any amount over a $105 monthly payment. This could easily be remedied by increasing the basic exemption for income tax purposes to $2,000 or $3,000.

Surely the Minister of Finance could talk to the Minister of National Revenue (Mr. Côté) and show him that it is most unfair that taxpayers who have children attending university should be allowed an exemption of only $500 each. This is insignificant; it is a pittance. It simply does not begin to represent the cost of sending a student to university. In the same regard I might mention the government's treatment of university students who try to earn income in the summer in order to provide for their education. They are forced to pay income tax. They are also forced to pay into the Canada Pension Plan. Why should they not be able to wait until they have completed their education and joined the working force before they have to make these payments? It seems rather strange that on the one hand the government takes this money away from them in the form of taxes and payments into the Canada Pension Plan and on the other hand offers them loans to finance their education.

I wish now to become more specific and draw to the attention of the Minister of Finance and all hon. members the economic importance to Canada of a particular industry, the tobacco industry especially as it involves the farmer producers of leaf tobacco. Tobacco growing is the one bright spot in the agricultural economy today. As has been mentioned by many hon. members, there is a problem in western Canada because the wheat producers simply do not have sufficient cash income with which to operate. The

[Mr. Knowles (Norfolk-Haldimand).]

agricultural economy is in difficulty but tobacco production is the one bright spot in the whole sad picture. However, if present attitudes and practices of the government are continued these producers will be faced with the same difficulty.

I believe it should be said that the tobacco crop is being grown on the light blow sand of southwestern Ontario which was formerly waste and drifting soil. Now it is the highest priced agricultural land in the country. The marriage of the flue-cured tobacco plant to the sandy soils of southwestern Ontario has had a salutary effect. Flue-cured tobacco for cigarettes was introduced in Canada about 1913 in Essex County in Ontario and by the mid-1930's had spread to 12 other counties. Today Canadian flue-cured tobacco is produced in wide areas of Ontario, Quebec and the maritime provinces of Nova Scotia, New Brunswick and Prince Edward Island. In 1967, Canada's second largest crop year, farmers produced over 214,702,000 pounds of flue-cured cigarette tobacco with a total value of $141,112,000 to farmers. Today 99 per cent of all tobacco used in Canada is grown in Canada by Canadian farmers. This is something we should not lose sight of. If today tobacco production were banned in Canada and all farmers stopped growing tobacco, tobacco simply would be imported from abroad and the manufacture and smoking of cigarettes would continue.

I think the agricultural segment of our society which produces tobacco should be recognized for its ability, investment, hard work and willingness to take a risk against the hazards of weather and so on to produce in Canada a product which we use in Canada. Over 51 million pounds of tobacco was exported in 1967 for a dollar return of $57 million. More will be said about this later.

The growers and producers of tobacco are regulated by the Ontario Flue-Cured Tobacco Growers Marketing Board Association which is organized under the Ontario Farm Products Marketing Act. There are 3,774 farmer members operating 4,262 farms for which there is allotted a basic quota of 152,416 acres. Besides these owner-growers in Ontario there are about 1,163 sharegrowers registered with the Tobacco Board. While Ontario growers produce about 95 per cent of Canada's flue crop, Quebec and the maritime provinces add about another 200 growers and some 7,000 acres of flue-cured tobacco to the Canadian industry.

• (5:20 p.m.)

The latest reliable figures on capital investment on these farms, and I want hon. members to note that the survey was made in 1963 but subsequently updated, show that today there is a grand total of capital investment in Canada on tobacco farms of $435,696,000. That is a considerable amount of money invested in an industry in our country which is serving well the farming community. The assessment on tobacco farms ranges from two to three times greater than that on general farms with the same growth and same building conditions.

The sale of flue-cured tobacco in Canada amounts ordinarily to over $155 million per year. The return in 1968 was $152 million, down slightly, and in 1967 the figure was $135 million. During the 11-year period of auction sales through our exchanges, that is, from 1957 to 1967, tobacco sales totalled over $1 billion from Ontario, Quebec and the maritimes. This was money in the pockets of the farmers of this country. The largest share of these dollars found its way through production costs into the business life of the community, perhaps as much as 50 per cent in wages alone. Most of the balance, other than taxes, was funnelled into the local economy in the form of food, fuel, clothing, machinery and so on.

Let us consider the direct contribution this industry makes to the coffers of the federal government. I am sure the minister is very well aware of this, but I wish to state this for the benefit of hon. members who may not appreciate the importance of this industry to the economy of the country so far as excise tax and exports are concerned.

First of all, tobacco is one of Canada's top export commodities. In 1968 Canadian flue-cured tobacco exports to all countries amounted to about 55 million pounds, the largest share going to the United Kingdom, our second largest trading partner next to the United States. More than $51 million worth went to the United Kingdom. Tobacco is second only to wheat in the value of agricultural exports and brought, as I said, $57 million in earning export trade. This helped our trade balance. As already referred to twice by the hon. member for Halton (Mr. Whiting), one of the greatest needs in our economies is that we keep up our export trade and maintain a favourable trade balance.

Mr. Keith of Imperial Tobacco said in his report that the federal government received

over $555 million in excise taxes on tobacco. This is the easiest and most economic tax to collect. It was the fourth largest revenue earner for the federal government. More than $8 of every $100 spent by the federal government comes from the excise tax on tobacco. It is exceeded only by income tax, general sales tax and import duties. When we consider the taxes also levied by provincial governments in respect of tobacco, which total led some $85 million in 1967, this makes a grand total to federal and provincial governments of $723 million in tax revenue.

If this is important to our economy we should be taking some note of what another department of the government is endeavouring to do for tobacco growers. Having demonstrated this economic impact on the part of the tobacco growers, I think it is time the Minister of Finance took aside his colleague, the Minister of National Health and Welfare (Mr. Munro), and explained the economic facts of government.

We who grow tobacco crops feel that an overzealous and poorly documented attack has been made on the tobacco industry. The farmers who produce this crop feel they have been stigmatized by this unwarranted attack. We deny vigorously and forcefully that there has been any case made to so stigmatize the product we produce. By the very evangelical zeal and diversity of this attack on the industry it appears that the Department of National Health and Welfare hopes to compensate for the weakness of the attack it has carried forward.

We learned in the Standing Committee on Health, Welfare and Social Services that this case is based almost entirely on statistical evidence mainly gathered from the United States' Surgeon-General's report. Statistics only indicate trends or associations; they do not constitute proof. One should examine this statistical evidence and decide how it is gathered and how these statistics are interpreted.

We learned from a statistical expert how the Surgeon-General of the United States gathered these statistics which form the basis of this attack on our industry. This material was gathered by house to house canvassing. If the head of a household was not present a junior member of the family would supply the information. How in the world would he know what his grandfather died of or how many packs of cigarettes his father smoked? These are things that cast doubt on this zealous and unwarranted attack on our industry.

[Mr. Knowles (Norfolk-Haldimand).]

No experimental evidence has been introduced to show that there is a causal relationship between the smoking of cigarette tobacco and lung cancer or other respiratory diseases. Many experts testified before the committee, individual leaders in their fields. I could read from several of their statements but I will content myself by referring to what only two had to say.

Let me read from the statement presented by William B. Ober, a physician in New York city. He is a professor of pathology at the New York medical college and a director of laboratories at Knickerbocker Hospital. He had this to say:

> I believe that the proposed legislation which this committee is considering had its formal inception in a speech given by the Hon. John Munro, your minister of health, given on December 19, 1968. I have read that speech, and it is a credit to Mr. Munro's desire to protect the health of his fellow Canadians.

Perhaps I might interject here. Those of us who are closely associated with the tobacco industry are just as concerned, but we do want to be shown. Dr. Ober continued:

> Unfortunately some of his analogies are poorly chosen and I do think his aides have furnished him with data which fails to support his point of view.

Dr. Ober then gives an example of this type of information. He quotes the minister as follows:

> I could ask every heavy smoker to try a 200 yard sprint at top speed, or a one mile run. Let them then come back, gasping and perhaps wheezing extensively, and tell me that their respiratory system has not been affected.

The statement of Dr. Ober then continues:

> I submit that anyone who runs 200 yards at top speed, smoker or non-smoker, anyone who goes out for the mile run, smoker or non-smoker, will wind up at the finish line gasping for air. We have all seen photographs of non-smoking athletes in the pink of condition, taken as they breast the tape, and they all show faces contorted with air hunger. No, the reason runners gasp for air is not because they smoke. Rather it is because they are using up more oxygen than the normal gas exchange in the lungs can supply. In the physiology laboratory this is called oxygen debt. The Minister of Finance might apply the analogy to problems of currency flow and the question of international exchange—

• (5:30 p.m.)

We have other experts in other fields who cast very grave doubts on this unwarranted attack to which I have taken exception. John P. Wyatt, who is professor and chairman of the department of pathology at the University of Manitoba had this to say, and I will just

quote one sentence from his lengthy testimony:

> In my opinion, there is insufficient evidence for attributing an established causal role in these conditions to cigarette smoking.

He is referring to the diseases of the respiratory tract.

The Acting Speaker (Mr. Béchard): Order, please. I regret to interrupt the hon. member but the time allotted to him has expired.

Mr. Knowles (Norfolk-Haldimand): May I have two more minutes in which I will attempt to summarize the rest of my comments?

The Acting Speaker (Mr. Béchard): Is there unanimous consent to allowing the hon. Member to continue?

Some hon. Members: Agreed.

Mr. Knowles (Norfolk-Haldimand): I should like to draw the following story from the classics as it seems to illustrate the attitude of the officials of the Department of National Health and Welfare. We all know the story of Don Quixote who was forever tilting at windmills on the plains, thinking they were giants who were about to do him in. It seems to me that the officials of our Department of National Health and Welfare are rather like white knights mounted on chargers tilting at windmills, and the only windmills they see are cigarettes which, according to them, are the demons. Surely the task of the federal government and of the department ends when they have pointed out to all the Canadian people that there may be hazards in the smoking of cigarettes and tobacco. They have done this most amply. We feel that it is unnecessary for them to pursue with such evangelical fervour this vicious attack against our tobacco industry.

May I say in conclusion that tobacco growers are pleased to note that the Minister of Finance (Mr. Benson) did not levy additional taxes on the tobacco industry. We who grow the tobacco and who are involved in this industry, feel that the point has been reached at which the law of diminishing returns begins to act. The minister cannot tax further without decreasing the use of the product and the net national returns to the government. In view of the weaknesses of the case of the Minister of National Health and Welfare (Mr. Munro) we ask him to get off the backs of the tobacco growers, the farmers who produce in this country, and to concentrate on the more obvious health hazards which affect the people of our country.

[*Translation*]

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I feel most happy to have the opportunity to comment the speech delivered by the Minister of Finance (Mr. Benson), and before getting to the heart of the matter, I would hate not to commend my leader for his speech of yesterday.

I think that he dealt with all the important points of the budget or the mini-budget presented to us. While I support my leader, I would like nevertheless to point out a few predominant facts of the budget speech made by the Minister of Finance, of which many are unacceptable to me.

I fully agree that we must fight inflation, but I reject the means put forward to that end by the government. In my opinion, those changes are again made at the expense of the poor, particularly those who can hardly earn their living in Canada. For some time now we have been receiving requests from farmers who are complaining about lower government subsidies for their dairy products.

Is it that the Minister of Finance had already given his orders before bringing down his budget?

I was told that this was due to the new dairy policy which is aimed at encouraging dairy exports especially of manufactured products.

It is obvious that the present Liberal government has failed in this field, as it did in respect of wheat.

I see that the government wants to ruin the farmers and all the working classes in Canada. It gives with one hand and takes with the other, using the means already applied to help the people and fight inflation.

As for unemployment, the Minister of Finance is advocating an incentive program for industry. Does he mean that the government will grant further subsidies to the industries? I believe we will have to establish in this field strict control over the use made of our money—I mean the taxpayer's money collected by way of taxes—so that the situation which arose in the case of Canadian Vickers will not occur every year.

This company received subsidies adding up to several million dollars, but to what avail? It is going out of business. What did they do with the government money or rather, to be fair, with the taxpayers' money? Is it the intention of the government to carry on this

way? I would like to quote in this respect, the very words of the Minister of Labour (Mr. Mackasey) who said a month ago and I quote:

Canadian Vickers received from the government millions of dollars in subsidies and it should have acted differently.

As far as the $100 exemption on goods—I mean the tariff exemption—granted to Canadian citizens back from a visit to the United States, I wonder whether this is really intended to promote the sale of Canadian products? Many people resort to trickery when they go to the United States for 48 hours. I am familiar with this because I live very close to the United States border. Why buy Canadian products which sell for more than $100 when you can get them for $100 in the United States without paying duty?

The prices of Canadian products might go down, but how many companies will close down, thus adding to the unemployment due to the lay-off of many workers?

And then we will have more unemployment. It is a vicious circle, a double-edged weapon, in short a problem which this government seems unable to solve. That is why I give my complete support to the amendment of the hon. member for Edmonton West (Mr. Lambert) which reads as follows:

That all the words after "house" be struck out and the following substituted therefor:

"regrets the continuing inability of the government to curb the relentless increase in the cost of living since 1965, while increasing the hardship of the unemployed, the poor, pensioners, farmers and other victims of the just society."

Mr. Speaker, the Minister of Finance boasts about achieving the first real surplus since 1955-57, when the Right Hon. Louis St. Laurent was then Prime Minister of Canada. What a discovery, what a victory, and at what price.

On May 22, 1969, speaking on the motion introduced by the Ralliement créditiste to provide the country with a policy of distribution of goods and services which would enable every citizen to get his share of the Canadian wealth, the Minister of Regional Economic Expansion (Mr. Marchand) admitting his inability to do so, said in a somewhat sarcastic tone, and I quote:

• (5:40 p.m.)

I have not found the philosopher's stone nor any magic formula; I have no direct communication with the Holy Ghost.

Such nice sentences with a religious ring. But they show a total inability to deal with some problems.

According to this minister, it is impossible to fight inflation because inflation is of a regional nature, and if the intent is to change our present tax system, this would benefit the Maritimes while creating inflation in Ontario and elsewhere.

Mr. Speaker, the Minister of Finance is simply applying discriminatory measures against Ontario, British Columbia and Alberta, two of those provinces having Social Credit governments.

Is it because everything is all right in those provinces? We wonder.

Therefore, at this stage, I want to refer to page 9419 of *Hansard*, and I quote:

I therefore propose that depreciation, or capital cost allowances, for tax purposes should be deferred for a period of two years on commercial buildings put in place up to the end of 1970. This would not apply to any form of housing, industrial building, utilities, or public institutions.

But this limitation or exemption will apply to cities with a population over 50,000. We have here an obvious contradiction between what the Minister of Regional Economic Expansion (Mr. Marchand) said on May 22, and the statement made on June 3 by the Minister of Finance.

At that time, the Minister of Regional Economic Expansion stated that he was unable to find a policy to deal with inflation in some regions without impoverishing other regions. But the Minister of Finance says that he has found one. Actually, he is applying different taxation formulas, according to the regions.

I ask, if it is possible to act that way, why does the Minister of Finance (Mr. Benson) not apply different monetary policies in various parts of the country?

Why does he not allow the Bank of Canada to relax credit to encourage regional development in Quebec and the Maritimes? Why not have Bank of Canada branch offices at the provincial level?

When he brought down his mini-budget on June 3, the Minister of Finance (Mr. Benson) said, as reported on page 9413 of *Hansard*:

From the review which I shall give tonight, I think it will be evident that we are well launched upon this course.

Talk about launching! Ask the taxpayers, ask the farmers, and all classes of society, several of which are living in poverty, ask them if they like that launching?

The minister speaks of our being well launched on this course. He forgets to say that though the launching was good, many repairs were needed, and the motor of our economy stalled completely many times since October 16 when the first budget was brought

down and June 3 when the second one was introduced.

Indeed, while levying a special basic tax of 2 per cent, the minister is forced to keep the 3 per cent surcharge which we had been promised would be abolished, as the minister himself said on June 3, as reported on page 9417 of *Hansard*, and I quote:

> I am not proposing any increase in either personal or corporate tax rates beyond their current levels nor an increase in sales tax, but I am proposing tonight that the personal income tax surtax of 3 per cent on "basic tax" in excess of $200 and the corporation income surtax applicable for the years 1968 and 1969 should be extended until December 31, 1970.

That is quite a find! The minister confirms that there were delays because he has been forced to extend measures that will increase taxes by $155 million in 1970.

Mr. Speaker, here is what the present government proposes in two, three or perhaps four words: Look for truth in the dark.

The Minister of Regional Economic Expansion is reported in *Hansard* for May 22, at page 8951, as having said:

> As for us, we are humans looking for truth in the darkness.

The budget speech delivered on June 3 proves it beyond doubt. It is obvious that this government is looking for truth in the dark, and that, like the Minister of Regional Economic Expansion (Mr. Marchand), it is in complete darkness. No wonder they bring in gloomy and confused budgets. As the ministers walk in the dark, they are bound to have gloomy ideas.

The least we can suggest to the Minister of Regional Economic Expansion and the Minister of Finance (Mr. Benson), is to find a candle, a lantern, a flashlight or at least a little 40-watt light.

It is obvious that the Minister of Finance, like the Minister of Regional Economic Expansion, "is looking for truth in the dark." What is he doing? He is feeling his way; he steps forward, he steps back, he hesitates. He imposes on the poor a social development tax.

Since when has tax been a sign of development? On the contrary, it is a set-back, since it reduces the purchasing power of consumers. Clearly, this social development tax is a result of his groping in the dark.

By maintaining the 3 per cent tax, after having promised to abolish it, he takes a step forward or rather a step backwards, I think, in the dark always.

Certain tariffs which should not have been abolished until January 1972 are abolished so that industry will be in a better position to meet competition. I quote the words of the minister as reported in *Hansard*, page 9417:

> To be specific: I propose that the final rates which were to come into effect on January 1, 1972, should come into effect as of tomorrow morning. This means that the remaining Kennedy Round tariff reductions which had not yet been given effect are to apply immediately.

And further on:

> I recognize that some producers will feel they are being denied the time for adjustment to increased competition, which the phasing of the Kennedy Round reductions would have provided. However, I believe that in today's climate, when failure to counter inflation holds its own risks for our competitive position, more time is not necessary for our producers to adapt themselves to these tariffs.

Of course, when one administers in the dark,—as I just said,—one makes a decision at night, and the next morning, it is in effect. The minister said:

> —more time is not necessary for our producers to adapt themselves to these tariffs.

Everything about the financial operations of a business must be changed overnight.

The minister also says: You must adapt to foreign competition! Lower your costs, lower your prices, because foreign products which will enter Canada more easily will strongly compete with yours and take hold of your market. That is the minister's way of thinking, or that of his colleagues who made such a suggestion.

At a time when Canada, particularly the province of Quebec, and including the eastern provinces, has a tremendous number of unemployed, I think that such policies are quite ill-timed.

How can Canadian producers lower their prices? By lowering the wages of the workers? Perhaps!

The Minister of Finance must have forgotten to consult his colleague the Minister of Regional Economic Expansion, former president of the Confederation of National Trade Unions, to be speaking like this.

Is it any wonder since the ministers are so much in the dark that they do not even see each other.

On June 3 1969, the Minister of Finance, while introducing his minibudget, also proposed, as recorded on page 9413 of *Hansard*, that the house approve the general budgetary policy of the government. Useless to say that the Ralliement créditiste is unable to endorse such a proposal, because we com-

pletely disagree with the government and the Minister of Finance on their general budgetary policy.

To meet the increasing cost of living, which affects particularly small taxpayers, the Ralliement créditiste expected the government, if it purported to run the country in the best interests of the people, to announce a reduction of the personal and corporate income tax, the curtailment of the 11 per cent tax on building materials, the definite removal of the 3 per cent surtax which was promised, fiscal reductions in order to promote economic development and measures to reduce interest rates.

• (5:50 p.m.)

On the contrary, we are advised that the application of the 3 per cent surtax will be extended, that the 11 per cent tax on building materials will be maintained, that the capital cost allowances on commercial buildings put in place up to the end of 1970 in Ontario, British Columbia and Alberta will be deferred for two years and that tariff amendments which are going to hurt our industries and increase unemployment will be put through.

Mr. Speaker, how can we fight inflation if the government does not take the necessary means to lower the disastrous interest rates which push prices up daily and only succeed in making trust compagnies wealthy at the expense of small borrowers?

The profits of banks increase daily. Indeed, during the first six months of 1969, according to the banks' official reports the Imperial Bank of Commerce has realized a net profit of 34.5 per cent in 6 months and the Royal Bank of Canada, 14.1 per cent.

Mr. Speaker, I think that this is good business.

The Canadian National Bank has realized a profit of 7.5 per cent, the Bank of Nova Scotia, of about $8 million, the Bank of Montreal, of 63 cents per share against 27 cents in 1968, and the Provincial Bank made a profit of 29.1 per cent.

We thus clearly realize that the money spent by the government, by the departments, the money created by the Bank of Canada and handed over to the departments by the Bank of Canada, is loaned to the government, and is reimbursed afterwards through direct taxation on personal and corporate incomes.

Now that it is recognized that not a single dollar bill in circulation, not one credit dollar has not been put in circulation by a bank through a bank loan which must be reimbursed, it is obvious that all the money in circulation, even taxes, belongs to the banks, and must ultimately return to them.

Mr. Speaker, it is impossible, no matter how hard the government and the Minister of Finance may try, to balance a budget under such circumstances, unless one assumes that the purchasing poser which remains in the hands of the taxpayers is but the balance of bank loans not yet recalled, namely a debt to the banking system or the export surpluses.

It is therefore obvious that a balanced budget, in such conditions, can only recognize that all national wealth belongs to the banking system which has complete control over the flux of the economic body in the present conditions.

As long as the government is unable to get free from the hold of the banking system, how will it be possible to administer? As long as it is obliged to go and borrow from someone more powerful than it is, how will it be possible to help the poor in spite of all the ways the minister and his colleagues would think of using? The government will remain in the dark if it is forced to do business with short-sighted people whose eyes are closed and whose doors are shut.

But to get out of that darkness, to escape that misery, the government should consider the proposals of the Ralliement créditiste concerning the use of the Bank of Canada, as a tool at the service of Canadians. Then, it will be able to provide an enlightened administration, and the ministers—the Minister of Regional Economic Expansion included—will have found truth in the light and not in the dark.

[*English*]

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I wish to commence by saying that I am entitling this budget the "Ben Benson budget bounce". Like a rubber ball, inflaminister's rosy statements, the budget offers tion keeps coming back. In spite of the little to the ordinary Canadian except a continuation of high taxes, with no hope of relief in the near future. The average Canadian wage earner is compelled to pay over $20 a week in taxes at the present time. This is unwarranted filching by this government from the taxpayer's pocket. Canadians are entitled to tax relief. They would have welcomed tax relief across this country, as it would have enabled them to plan for the future.

Not only has no tax relief been provided, but the 3 per cent surtax has been continued with no shadow of justification. I warn the minister that if the present unjustifiably high rate of taxation continues much longer he will be faced by a tax revolt in this country. Time and again this government has promised tax reform. Where is tax reform in this budget? This budget is just a continuation of the same repressive taxation which we have had for the past two years. What has happened to the reforms recommended in the Carter commission report? They have been shoved to one side. This government must be taken to task for following a repressive policy of high taxation, high costs, high inflation and high interest rates. There has been no change in any of these fields.

The minister put on a shocking display of bad taste on television when he dared to suggest he was following a policy which would aid the ordinary Canadian. In this respect he was ascribing to Canadians across this land a degree of gullibility equal only to his own. The budget is a continuation of policies which have placed on the people of this country the most oppressive taxation and inflation burden that they have ever been asked to carry, with the possible exception of the war years.

There is no relief in this budget for the western farmer. There is nothing for the small businessman, and nothing for the consumer, the housewife, plagued by constantly rising food costs about which the department of consumer affairs has proved powerless to do anything. There is not one five cent piece of relief for the Canadian wishing to buy a home or the Canadian who already owns a home. There is no relief from the unnecessary tax on building materials, or from any of the other taxes which plague the householder and homeowner.

On top of this, the government imposes a further nuisance tax, a tax on air travel. This is simply another means of getting into the taxpayer's pocket. The government has done nothing about dealing with the high price of farm implements or curbing interest rates. The time has come for the government to offer interest free loans to farmers, but nothing has been done in this regard. Surely, with the armies of economists that the government has at its disposal it would have been possible to come up with a more constructive measure than a nuisance tax on air travel. Surely the government, in view of the difficulties in which the western Canadian farmer finds himself, could have come up with an interest free loan for the purchase of farm equipment.

There is nothing in this budget to encourage exploration for oil and no sign of a national oil policy. It is a budget which neglects the necessary and devotes itself to the trivial and the obstructive. This budget will not encourage prosperity. As far as the individual is concerned, it will obstruct it.

Perhaps the most objectionable feature of the entire fiscal performance is the obvious disregard and neglect of western Canada. The deferment of capital cost allowances on construction in the western provinces is a slap in the face to western Canada. It is a deliberate penalizing of western Canadian prosperity. It is economic discrimination in its worst form. The minister proudly, and I think foolishly, hailed a budget surplus of some $250 million. Where is this money coming from? Is he going to extract it from western Canada? Is western Canada's economy once again to be sacrificed to eastern interests? This is the most iniquitous measure in a fatuous and feeble budgetary performance. If its purpose is to curb inflation, why is Montreal exempted? Why is the minister showing economic favouritism in his budget? Once again, this government is placing a premium on non-performance.

In light of this it would seem that the Liberal party has simply written off western Canada as a source of electoral support and is now going to penalize the western provinces, or attempt to force them into line. You cannot justify a tax policy that penalizes one part of the country and benefits the other parts. For too long western Canada has been contributing more than it has received. For too long we in the west have been made the victims of an unrealistic oil policy which permits foreign oil to be sold and distributed in Montreal while oil from western Canada is kept out. The time has come for the government to finance an all Canadian oil pipe line from Alberta to eastern Canada in order that we have access to eastern Canadian markets.

The latest discrimination embodied in the deferment of depreciation allowances on capital construction costs in the western provinces will do further damage to the economy of western Canada. In light of this, one wonders where the minister expects to raise his projected $250 million surplus. Does he expect revenues to continue at last year's level in spite of the failure to sell our wheat? Is the minister aware of the fact that at the end of May over 398 million bushels of wheat remained on hand? Unless the government can do something to rectify the mismanagement of wheat sales, we will face a serious

drop in national revenues in the coming fiscal year.

May I call it six o'clock?

The Acting Speaker (Mr. Béchard): Order. It being six o'clock I do now leave the chair until eight o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Paproski: Mr. Speaker, I am asking the minister whether his projected revenues for the coming year take into account wheat sales at last year's level or at a level below last year's, as is the case at the present time. It would be interesting to know in this connection what projected sales are and what steps the government intends to take in order to avoid the largest surplus of wheat in our history. I suggest to the government that it should get on its feet and get out to where the boys grow wheat.

The government has been accused of taxing the rich to help the poor. I am happy to refute that charge. There is no evidence whatsoever that this government taxes the rich. What this government is doing is this: it is taxing the poor to help the rich. About two years ago this government took action to create a fiscal climate in which the rich could get richer while the poor got poorer. The government allowed bank interest rates to almost double. It has increased mortgage interest rates, imposed a succession duty that falls heavily on those with moderate incomes and allowed the housing industry to become the promoter's preserve while permitting homes to be priced out of the reach of all but the wealthy. This government has consistently favoured the larger financial institutions or interests in this country.

I ask, Mr. Speaker, who benefits from high interest rates? Is it the western farmer? Is it the city dweller who must secure a mortgage in order to provide a home for himself and his children? Is it the housewife who must pay inflated prices for bread I submit that the institutions which benefit most from high interest rates are the financial institutions. I ask the minister whether he is aware that banks in this country and kindred lending institutions recorded their highest profits in many years as a result of last year's increase in interest rates. The Minister of Finance must be aware of these things; yet during an appearance on television he said that he was doing everything he could for the little people. We have high taxes, high interest rates inflated prices and a tax on homes. All these things the minister has preserved for the little people of Canada, for the farmers, workers and moderate wage earners. I say to the minister, come off it. Canadians are aware that no government has done more to reduce average incomes than has this government. In addition to a tax on the worker's pay cheque the government levies an insidious, indirect tax in the form of inflation. Finally, after death, it levies succession duties at rates higher than any we have known before.

Mr. Woolliams: They are 50 per cent for amounts over $300,000.

Mr. Paproski: It is my hope that the provisions of this budget will undergo careful and critical examination in this chamber and that we, as Members of Parliament representing the public, will make it known to Canadians that we are opposed to a policy of high taxes, high interest rates and high prices. If one wishes to see a glaring example of irresponsibility on the part of the government one should look at taxes. After having imposed for two years the highest peacetime taxes in our history, the government offers no relief whatever to the hard pressed Canadian taxpayer. On behalf of the many Canadians across this country who feel they are entitled to tax relief at this time, Mr. Speaker, I object.

This evening, Mr. Speaker, we shall be voting on the subamendment moved by the hon. member for Waterloo (Mr. Saltsman) on behalf of the New Democratic Party. The subamendment regrets the failure of the government to grant relief from income tax to single persons with incomes below $2,000 a year and married persons with incomes below $4,000 a year. I have no difficulty in voting in favour of this subamendment. To me it means that we wish to see some relief given to people in these very low income brackets. They are the people who are hardest hit by the increase in the cost of living. Living costs have been going up for four years under this government. Of course, that does not mean that we wish to strike all such people off the tax rolls. Nor would I allow exemptions of $2,000 and $4,000 to those in all other tax brackets. The wording of the subamendment is vague, perhaps.

Furthermore, Mr. Speaker, I think the long term attack on poverty is going to involve a

rationalization of the social welfare system and the application of a concept such as a negative income tax which was discussed by my party during the last election campaign. In the meantime, we must consider the principle contained in the subamendment now before the house, namely, that some relief should be given to those in the lowest income groups who suffer most from inflation. We endorse that principle and will therefore vote in favour of the submendment.

• (8:10 p.m.)

[*Translation*]

Mr. Jacques-L. Trudel (Bourassa): Mr. Speaker, after hearing several members of the opposition say that the budget did not contain anything and would not solve anything, and after hearing the same members join to criticize the contents of this same budget, I feel compelled to take part in this debate.

I have noted particularly a few remarks of some members about the capital cost allowances for tax purposes, especially on commercial buildings, which are being deferred for a two year period.

I have noted the comments of the members for Waterloo and Edmonton West (Messrs. Saltsman and Lambert) and even those of the previous speaker to the effect that the deferred depreciation was discriminatory; indeed, that it would penalize some regions for their success.

The main aspect of this measure which consists in deferring for a temporary period only those tax incentives, especially in the areas mentioned, in order to stabilize prices, ensure a fair competition and direct capital towards housing, seems to have escaped them completely.

The member for Témiscamingue (Mr. Caouette) mentioned the Créditiste administrations of 33 and 18 years in two provincial governments in order to prove the theory he was putting forth. He seemed to imply that we should adopt the Créditiste theory as the only possible solution but he forgot to say that those two governments do not apply the theory which the member for Témiscamingue has been preaching for so long, but rather the monetary policy followed by the Minister of Finance (Mr. Benson) in preparing the budget which he tabled in the house.

The hon. member has also omitted to say that the only province which experimented the system for 17 years, has only succeeded in driving away both residents and investments. It will take a long time before the damage caused by the Créditiste theory is repaired.

What the hon. members have failed to say is that Canadians are now spending more and more for leisure and services. About two years ago, 75 per cent of the money available was spent on durable goods. Now, the new trend is putting pressure on inflation at the present rate of change, because in 1970, 50 per cent of the personal income will be spent on leisure and no longer on durable goods or services.

It is the main reason for the changes proposed in the budget. The members have also forgotten that when he was preparing his budget, the minister really intended to fight inflation which he defines as a surplus of money, as compared to goods and to available services, which varies in certain sectors of economy and even in some areas of the country. They have also forgotten a few facts that I want to mention.

There was a $390 million surplus before the estimates, as compared to a previous deficit of $566 million. This represents a transfer of $1 billion in the economic impact at the federal level.

They have also forgotten that the government was able, during this period of price escalation, to maintain its expenditures at the same level for one year.

The minister was also able to increase grants to municipalities and provinces by $55 million in order to improve their financial position.

One other point they were careful not to mention is that this budget makes it possible to distribute 65 per cent of all taxes levied in Canada among the provinces and the municipalities. This percentage has been increasing steadily for several years.

The Minister of Finance (Mr. Benson) has made available to the Department of Industry, Trade and Commerce enough capital to raise exports to over $13 billion, making possible a trade balance for of $1,300 million in favour of Canada.

The Export Credit Insurance Corporation has ensured $246 million worth of goods in 1968, thus creating jobs for Canadians, mostly for Quebecers.

This budget, although very satisfactory, and even though our exports have increased by 19 per cent last year, is designed nevertheless to increase the output of finished products by our Canadian workers while decreasing the proportion of raw materials exported

without local processing. This task has been entrusted to the Department of Regional Economic Expansion, who has already started on its work.

As I said at the beginning of my remarks, the capital cost allowances seem to have frightened some members. But it must be held in mind that in the three provinces involved, the number of commercial buildings has increased by 32.6, 31.6 and 9.3 per cent respectively, while in Quebec there was an expected of 6 per cent for the same period and the Canadian average, also for that period, showed an increase of 20 per cent. Moreover, this over-activity in commerical construction has led to wage demands, of $1.50 and even $2.00 an hour more than in the other areas of Canada, without meeting for all that the total requirements of those areas and the contractors.

A direct result will be to alleviate the pressure on capital used for the construction of commercial buildings and to ease the demand for housing, thus reducing the inflationary pressures, even in British Columbia, Alberta and Ontario.

For the other provinces, like Quebec, this measure will help to attract the industries needed to absorb the ever-increasing manpower coming on the labour market. There is no such increase elsewhere in the industrial field. In that province, more than 80,000 new jobs will have to be created yearly for five years.

This budget provides for the writing-off of the $125 million deficit for Expo, that is the federal share of the deficit.

Hon. members will recall also the extension of the provincial and municipal shares.

Canadians travelling abroad will enjoy additional exemptions.

Moreover, none of the opposition members who spoke mentioned manpower retraining, especially in Quebec and in the Maritimes.

We could give a long list of agreements for assistance to the provinces, involving expenditures of several million dollars yearly, made possible by this budget.

The federal-provincial conference is to be held this week in Ottawa, and I certainly must mention it briefly. If one takes into account that, at the present time, 50 per cent of the federal budget is earmarked for welfare allowances, and that the province of Quebec devotes 68 per cent of its budget to two items only, namely welfare and education, this meeting must consider not only tax sharing but also how that money is spent, at the three levels of government.

Out of a $3 billion budget, Quebec spends only $20 million to promote industry and trade, while the federal budget provides that 14.3 per cent of its total will be devoted to economic expansion directly benefiting that province and municipalities that need it most.

The department has more particularly considered the case of Quebec, as far as the building industry is concerned, and at present there is in that province a surplus of skilled labour. The minister has recognized this fact, and has relieved this anomaly by taking the above mentioned measures.

I have seen fit to take part in this debate to mention a few points that the hon. members on my left had completely ignored.

Therefore, I should like to close my remarks by congratulating the Minister of Finance for the planning he has effected in order to get a just society, by bridging the gap of the regional disparities, by making available to the other departments fiscal resources, to improve the lot of the people across Canada whether they are French-speaking or English-speaking or to improve employment opportunities through the regional development program.

Moreover, he is allowing Canadians to secure the type of housing of their choice, and to express themselves in any of the two official languages of the country.

• (8:20 p.m.)

[*English*]

Mr. A. D. Alkenbrack (Frontenac-Lennox-Addington): Mr. Speaker, I could not help but be amused at the rather mystical and psychic comment flashed at us by our affable Minister of Finance (Mr. Benson), and which is contained in his white paper, that "since 1965 increases in prices have been larger than desirable, and public policy has been designed to replace inflationary expansion by balanced and sustained growth." Sometimes, Mr. Speaker, we wonder. We wonder also at the admissions, such as the one in his budget speech that "persistence of strong inflationary tides necessitates a re-assessment of our position." How long must we hear these things?

It was three years ago that the Liberal government was first warned that inflation had got out of hand. I happened to be one of those who warned them, as recorded at page 5609 of *Hansard* for May 27, 1966. I do not

like quoting my own speeches but this is positively what the record shows:

> Mr. Chairman, I regret to intrude on your busy schedule but I think at this time, when we are on interim supply, I should raise this question which is of general interest to the nation. I think the lot of the consumer should be brought to the attention of the house and the committee.
>
> First of all, Mr. Chairman, each of us in this country is a consumer. Present day government policy and the consequent high cost of consumer goods is storming the last bastion of individual hope and the individual right to live within one's means. It is now practically impossible for the head of a family, father or mother, individual or married couple, to make their modest salaries support their families from one pay day to the next.
>
> Prices have skyrocketed all along the line in food, rent, clothing, fuel, transportation, medical bills, insurance, taxes and capital cost of housing both new and used. In this rapid and cruel escalation of costs this government has been a steady partner. Even its policies glaringly point to that fact. It is readily apparent that its policies support the super corporations which profit from and control our buyers' and consumers' economy.

The above conditions are now, three years latter, more pronounced, more acute, more rampant, and practically uncontrolled. But we still hear platitudes about re-assessments.

Since the 1962-63 fiscal year federal government spending is up over $6 billion, and up over $5 billion in the four years of "concerned anti-inflationary policy." Even now, Mr. Speaker, the Canadian Tax Foundation is predicting a 9.8 per cent rise in federal government spending this year—up from last year's increase. And when the Minister of Finance himself, having taken most of a white paper and a budget speech to assure us how aware and concerned the government is about inflation, and how excellent this budget is as an anti-inflationary weapon, then proceeds baldly to predict no fall in the rate of price increase in the coming year, we must wonder.

What has the Liberal government been doing these last four years? Nothing that would help the situation. We have had many tax increases during the past few years, and all of these in the name of fighting inflation. But a taxpayer wonders when he sees an 85 per cent increase in federal government spending since 1962-63, while the take from the personal income tax in that time has been boosted to 164 per cent of its 1962-63. level. And this year we know that Canadians will pay more in personal income taxes. This vicious spiral must be stopped. We have had four years of so-called anti-inflationary policy, four years of tax increases, and still we hear the Minister of Finance predicting no fall in the rate of price increase.

The Minister of Finance depends on inflation to balance this budget. A great share of the 32 per cent increase in personal income tax take is directly caused by inflation. Wages and salaries would not be going up so fast if we did not have inflation which seriously reduces the spending power of a man's income.

When consumer prices are going up by 4.7 per cent a year, a man has to make at least that much more to keep up. In fact, he has to make more. He does not enjoy an adjustment of his exemptions to allow for inflation. He just pays. If a family of four with an income of $5,000 received a 4.7 per cent increase, just enough to match the increase in the consumer price index, they would be penalized with a $49 tax increase. Their real income is no higher, but nevertheless they pay. And as a result we have been promised a balanced budget—perhaps—we hope.

The Minister of Finance, in his usual efficient fashion, has informed us that he expects a surplus of $250 million. How much of this is generated by the effect of inflation on tax revenues? We know that $275 million, which is $25 million more than his predicted surplus, comes from a once and for all speed up of corporate tax collections. That is fine for this year, but what will he do next year?

We know that the minister has saved over $200 million because some provinces have thus far stayed out of medicare. This allows him some flexibility for supplementary estimates, but should he really be allowed to crow that estimated 1969-70 spending has been reduced $20 million from last October's estimate, particularly when we remember that on February 4 his colleague tabled estimates totalling $11,858 million? We have seen too much of this playing around with the finances of the provinces. According to the minister's admission in the white paper the provinces moved from a $125 million deficit in 1967 to a $300 million surplus in 1968. He has, therefore, shown us who has taken on the responsibility in this fight against inflation, and it certainly is not the federal government. It is time the federal government became a leader against inflation instead of a beneficiary of inflation.

What has the government done? Expenditures have not been cut. In fact, they appear to be heading for a 9.8 per cent increase, and this up from last year's increase. The 3 per cent surcharge on personal and corporate

income has been maintained. Incidentally, the minister previously guaranteed this would not happen. They have added a tax on air travel. On this point, I wonder is it the minister's intention to extend such a tax to users of aircraft for work in the development of resources, especially in northern areas. If so, could he tell us what impact this is likely to have on such survey and development work?

The minister made a large noise about his daring new selective fiscal policy which resulted in a two-year deferral of capital cost allowances for commercial construction in urban centres of Ontario, Alberta and British Columbia. Mr. Speaker, we support the principle of selectivity. It is something our party called for years ago. But I am somewhat disappointed at the minister's refusal to get his feet wet. The minister seems to be testing the water with his big toe. Commercial construction represents only 8 per cent of all construction in Canada, and only about 5 per cent of all capital spending.

• (8:30 p.m.)

When we scale down this provision to the 22 cities involved we begin to talk of less than 4 per cent of capital spending. Even then there is good reason to doubt the impact of this move. The reason is so far advanced this year that we could not expect any impact so soon. On top of this, construction wage increases averaging 11.2 per cent last year—up from 9.1 per cent the year before—and escalating material costs make the cost of waiting much greater than the tax loss incurred by building now. Unfortunately, since the demand for buildings is so strong this move will quite likely result in rising rents, thus contributing to the inflation it seeks to cure.

The minister also attempted to convince the house that the Kennedy round tariff cuts would help hold the line on prices. We fully support in principle the Kennedy round agreements, and Canada can do well generally under the negotiated changes. But the Kennedy round was aimed at general tariff reduction in the interest of promoting trade and the more efficient allocation of activity internationally. It was not designed to combat inflation. Are the areas covered by the Kennedy round tariffs the most inflation sensitive? Are the specific cuts negotiated exactly what is required to control inflation? Administrative ease does not necessarily imply effectiveness. If tariffs were thought to be major contributors to inflation, why were cuts so limited and confined to the Kennedy round?

[Mr. Alkenbrack.]

There are dangers here. The minister's argument that the lack of application for transitional assistance as a result of past reductions implies that this situation will continue, is logically week. Naturally, the severest impact will come from the final cuts after the dead wood has been cut away. We are not as confident as the minister about the regional effects involved. I would ask the minister in charge of regional development not to allow his efforts to be eroded before he gets going, and to intercede if cases of hardship in the slow growth areas should come to light.

The Kennedy round cuts were designed to meet a long-run problem. Their use as a short-run tool is questionable and experimentally speculative. We regret the failure of the minister to conclude an agreement with the United States for a similar speed-up. Tariffs are not always the factor causing Canadian prices to rise above U.S. prices. Need I remind the minister that quite often Canadian produced cars sell cheaper in the United States than in Canada? Tariffs are not to blame, and $80 million subsidies will not help.

I regret this government's tendency to act unilaterally and in bad faith in reneging on its agreements. This would be tempered somewhat if I expected that the Canadian consumer would receive the benefits of these cuts. We will be reminding the Minister of Consumer Affairs of his responsibility to see that they do. But the real tragedy, Mr. Speaker, is the many holes in this budget, the errors of omission. The minister continue to refuse to listen to our pleas for the abandonment of the social development tax. The minister ignores completely the high and rising interest rates which our consumers must face. Not once does he express concern that such rates are making a house an elusive dream for so many Canadians.

There is no concern at all for the terrible problems of poverty we find in Canada. I have them in my riding; we have our share. There is no concern, for example, for the old age pensioners whose only income is the pension on which they pay income tax. There is no advancement in the fight against regional disparity. Eastern and western farmers are ignored. We fear the continued impact of general tax policies on unemployment in the slow growth areas. Finally, the minister admits he expects no decline in the rate of price increase in the next year. This government has failed, Mr. Speaker, and the minister ought to resign.

In his first budget speech the present Secretary of State for External Affairs (Mr. Sharp) said:

If we do not by one means or another succeed in moderating the increase in aggregate expenditures this year, the most immediate penalty we shall suffer is an inflationary increase in prices.

His prediction has come true in this year of 1969. This budget fails to come to grips with the problems. The records of past Liberal governments are proof of the failure of Liberal policy. Like Belshazzar, the last King of Babylon, this government is weighed in the balance and found wanting. Our leader and party have been suggesting for some time consideration of an income policy for Canada, or wage and price guidelines. I was one of those who asked for these measures on May 27, 1966. The government has done nothing about this other than to form another ministry, that of consumer and corporate affairs. But no effective legislation has accompanied this formation to give force and effect to the war on inflation and high prices. And the record of this government indicates that none ever will. The people of Canada have reached the point of painful and dispirited unexpectancy.

Mr. Hubert Badanai (Fort William): Mr. Speaker, in reporting on the nation's business the *Financial Post* of June 7 had this headline, "Very tough job nicely handled", and proceeded to commend the Minister of Finance (Mr. Benson) for attacking inflation directly. He was particularly commended for tariff cuts and for deferring depreciation allowances for commercial construction in urban centres. A number of tax experts and economists called these moves "bold, imaginative and highly sophisticated". Of course, the budget also drew unflattering remarks from the opposition and other critics. The criticism is that it does nothing to halt inflation. The Minister of Finance is accused of favouring high interest rates and it is suggested that instead of creating jobs the budget will aggravate the current unemployment problem, and so on.

With regard to the deferred depreciation on buildings for two years for tax purposes, which is to be applied only to centres of 50,000 population or more in the provinces of Ontario, Alberta and British Columbia, because in the other seven provinces unemployment is relatively high or employment growth has been slower than the national average, I should like to make a few observations which relate to my constituency. In a country so vast and comparatively sparsely populated the problem of regional disparity is a most difficult one. Even in good times, some areas may suffer from high unemployment and undeveloped resources. Therefore, the government has wisely introduced specific incentives intended to stimulate depressed regions and to counteract slow growth.

However, while I am in agreement with the concept of the legislation, I do not share the view that there are no slow growth areas or high unemployment in any of the three affluent provinces named by the minister. There is one portion of the province of Ontario, its northwestern corner, of 200,000 square miles in which the cities of Fort William and Port Arthur are situated as well as a string of towns from White River in the east to the Manitoba boundary in the west, where you will find plenty of unemployment, especially among our Indians—and there are thousands of them. This is one of the slower growing areas of the province. I am speaking about a region in the province of Ontario which by no stretch of the imagination shares the high level of prosperity of the eastern or southern part. This is an area which has the type of problems this legislation is intended to cure.

• (8:40 p.m.)

At this point I should like to mention that for several years this region of northwestern Ontario has tried to gain recognition as a designated area eligible for industrial development incentives. An example of this attempt is a resolution passed at the 1965 annual convention of the northwestern Ontario associated chambers of commerce, which I wish to read:

Whereas:

1. The federal government has provided incentives for the development of industrial employment opportunities in designated areas in Canada

2. The government announced its designated area policy already has resulted in 175 new industries of a capital investment of $418,000,000 providing 4,000 new jobs in 23 of the 35 areas

3. No part of northwestern Ontario is included in the incentives program despite acutely fluctuating seasonal employment and relatively low population density

4. Northwestern Ontario possesses the basic ingredients for greatly accelerated growth despite its underdevelopment and underpopulation.

Therefore be it resolved: That the Northwestern Ontario Associated Chambers of Commerce request the federal government to apply and provide the incentives related to the "designated area" program to the northwestern Ontario districts of Thunder Bay, Rainy River and Kenora.

The Budget—Mr. Badanai

On May 5, 1966, a delegation from Northwestern Ontario met with the minister of industry, the minister of finance and the minister of resources and energy. Included in that delegation was our present Minister without Portfolio (Mr. Andras) from Port Arthur and myself. This delegation, representing all facets of public and business life in the region, was accorded an excellent hearing by the ministers. It was pointed out that under the criteria, now being discarded in favour of the new proposed legislation introduced by the Minister of Regional Economic Expansion (Mr. Marchand) a few days ago, our region did not qualify. We recognized the overall objective of stimulating the economy of less affluent sectors of our country through greater industrialization, and the remarkable results achieved under area development legislation in capital investments and employment of many thousands of Canadians in such regions, but, all our arguments were in vain, we simply could not qualify.

A quotation from the delegation's brief reads as follows:

Our hands, in short, are tied securely by our "off limits" status while tax revenues originating in northwestern Ontario help to subsidize this and other industrial enterprises established elsewhere. We pay for a fare on the Good Ship Area Incentive but we can't get aboard. Rather, we are being swamped by the waves.

Here we are, fewer than one quarter of a million people, occupying more than one-half of the land and matter mass of Ontario, an area as large as Manitoba or Saskatchewan. Our population is scarcely 2.5 per cent of the provincial total, less than one per cent of the population of Canada. On our country's 102 birthday, this is hardly a remarkable record of growth for a region as richly endowed as ours. And in the midst of accelerated activity across Canada, in which our area shares, our assessed population is about stationary.

This is not to deny the recent surge of expansion embracing primarily greater development and processing of our forest and mineral resources plus secondary industry to serve this growing complex. Indeed, manufacturing enterprises are proving beyond question that, despite handicaps of a small and scattered regional population, long distances from concentrated markets and transportation costs, production of goods can be carried on successfully in northwestern Ontario.

The brief then continues:

Nevertheless, while we develop our natural resources we continue to lose the most precious resource we possess—our educated youth. They leave our region simply because of insufficient career opportunities. Some leave our country altogether, a national as well as a regional loss.

"One of the reasons for our low rate of unemployment" states the Fort William *Times-Journal* in its lead editorial of May 22, "is the fact that lack of diversified industries has prompted the exodus of large numbers of young people from the area to find work opportunities in other centres of Canada and the United States. It is a matter of record that in recent years the total labour force locally has lagged, while the labour force throughout the province of Ontario has risen appreciably."

Adds the Port Arthur *News-Chronicle* in its leading editorial of May 2: "The fact that unemployment for northwestern Ontario as a whole is not high enough to qualify for designation is misleading. One of the reasons for this is that when our young people get their education and grow up they have in the past been forced to move elsewhere to find opportunities. The fact that there are enough people from here in Toronto to form a lively and progressive Lakehead Club of 1,000 members is ample proof of this fact."

On behalf of northwestern Ontario, I ask the Minister of Finance (Mr. Benson) to forgo the deferment of depreciation and capital cost allowances on commercial buildings in the cities and towns of northwestern Ontario as an aid to construction in this particular portion of Ontario which is still a slow growth area, and which should be considered in the same category as the adjacent province of Manitoba. Had it not been for an Ontario premier of long ago, this region would have formed part of the province of Manitoba. Had that happened, I am among those who believe that the area would have attained a status of far greater importance.

I also wish to raise another matter of concern to the economy of my constituency, and of many others. I refer to the constant cry we hear from the N.D.P. against foreign investment in Canada. We are indeed fortunate in having a finance minister who, like his immediate predecessor, believes that an attempt to restrict foreign investment in Canada is not in Canada's best interest. The members of that party tell us our economy is in great danger of being taken over by what they like to call continentalism, and that we are gradually being absorbed into the industrial structure of the United States without having any say in the matter. Of course there is a great deal of U.S. investment in Canada, but we often forget that while Canada is one of the wealthiest countries of the world it is still a developing country. It is still one of the vastest and emptiest lands in the world. We need more people and more capital to achieve a measure of independence which those opposed to foreign investments claim we can have by shutting out foreign capital.

• (8:50 p.m.)

Had foreign capital not been available to bring into production the Steep Rock iron mines in northwestern Ontario, the iron ore

which recently has been mined would still be at the bottom of the lake. The several thousand workers would, in all probability, be numbered among the unemployed. Then, there is the dollar exchange factor, which has earned millions of dollars for Canada, resulting from this enterprise as well as others such as the pulp and paper industry upon which many of my constituents depend. I could mention many other industries that have brought benefits to Canada as a result of foreign investment.

It is always easier to blame someone else than it is to adopt the sort of policies that would really give greater economic independence to Canadians. Perhaps, we have not yet fully exploited all the possibilities of encouraging a greater flow of domestic savings into the channels of Canadian industrial investment. Unfortunately, Canada has a long way to go before Canadians can invest in sufficient amounts to develop our country's potential. Until that time, foreign investments will be urgently needed to bring to this country the development that Canadians are not willing to bring to it.

It should be obvious to all that foreign capital is needed badly if Canada is to keep financially healthy and growing. More capital means more jobs and more jobs mean prosperity for all. I honestly believe that the Minister of Finance (Mr. Benson) introduced a good budget, tailored to fit the times, with no new personal income or corporation taxes. It will produce relief for consumers through the lowering of tariffs and the duty free concessions to Canadian tourists.

I congratulate the minister for winning more praise than criticism, and I am quite happy to support his worthy effort in giving Canada one of the best budgets to which it has been my privilege to listen since my election to the House of Commons in 1958. If I may, however, I should like to advance a suggestion that if it were possible to implement an exemption for income tax purposes of the municipal tax on a house, an amount which could be fixed, this measure would undoubtedly prove of great assistance to people in the lower income bracket. I venture to say that the revenue lost by this kind of tax concession would in the long run, prove beneficial to all concerned.

Mr. Randolph Harding (Kootenay West): Mr. Speaker, it is a pleasure to have an opportunity to say a few words in the budget debate. Unlike the last speaker who, I believe, is the hon. member for Fort William (Mr. Badanai), on the government side, I fail to see how this can be one of the best budgets that has ever been written. If this is the best budget to which the hon. member has listened since 1958, then the others certainly could not have been worth listening to at all. A great deal depends on how these various budgets affect the different groups in our society. I cannot imagine any of the old age pensioners jumping with glee and delight over the budget which was introduced here one week ago. There is no indication in it that the government is going to give an extra five cents to the large group of old age pensioners who desperately need an increase in their pensions. There is no indication in the budget that the veterans are going to receive an increase in their pensions, despite the promises of the government to bring in a white paper and despite the recommendations in the Woods report. These provisions should have been contained in this budget, not in the budget that will come down in the fall or next spring.

As we go on right down the line through the best budget that my friend has ever heard in his life we find an amazing thing, namely that item after item has been missed. We see nothing in it about the government's attack on poverty in a country where between four million and five million Canadians are living in poverty, in the words of the Economic Council of Canada. This is an amazing thing.

Mr. Speaker: Is the hon. member for Hamilton-Wentworth rising in a point of order?

Mr. Gibson: Will the hon. member permit a question.

Mr. Speaker: Order, please. The hon. member cannot seek the floor in this way.

Mr. Harding: I will permit a question when I have concluded my address, and I have no hesitation in asking my friend to wait a moment or two if he is not too impatient.

I have outlined several of the problems. One of them is the vast pollution which we are experiencing in Canada. There is only one tiny reference to pollution problems in the budget. This is certainly not a budget of which the Liberal government can be proud. There are groups of citizens in Canada who will be badly hurt simply because the members of this house and the government did not deal adequately with the problems which should have been dealt with in 1969 in this budget.

We are debating a subamendment moved by a member of our party, and I should like to speak very briefly on this subamendment. It is suggested that the income tax exemptions for single people be increased to $2,000 and the exemptions for married people be increased to $4,000, a very modest request and one which every member of this house should endorse. Let us look back at the income tax regulations which were set down many years ago. Here we find old age pensioners being taxed on their meagre income, which is not what the government should be doing.

The Carter Commission brought down their report a while ago in which they pointed out very clearly that we have one of the most unjust tax systems in the whole industrialized western world. What do we find in this great budget, the greatest budget that has come out for many years? Do we see any reference to tax reforms? You bet your life we do not. Carter showed us the way to do it. He showed us where money could be obtained by this government if it had the backbone to go after it. The ordinary individual in Canada—and I am talking of people in the low and middle income brackets—is getting sick and tired of having taxes imposed on him while we are letting off scot-free many other people and corporations on which taxes should be levied. If hon. members over there think this is what a budget should be, then that is Liberal thinking and not my thinking.

• (9:00 p.m.)

An hon. Member: What about taxes in the socialist nations?

Mr. Harding: We are asking that changes take place. We do not want to wait for them until the end of this parliament. Another budget of an interim nature was brought down last fall. At that time, as during the election, we heard the story that the just society was about to emerge. This is what we were told in June of 1968. Let me remind hon. members that a budget reflects the priorities which a government has in mind and the values it places on various sectors of the economy. It should chart the direction in which we are going. It is an amazing thing to me, but I have not seen any indication that we are heading toward that just society about which government supporters talked so glibly. A just society is not one in which one-fifth of the nation is living in poverty or where huge pockets of regional disparity exist about which precious little is being done. A just society does not ignore the pension needs of the groups to which I have referred. These are the fields in which we should be taking action. The budget we are now considering will take us into 1970. Almost half the life of this present parliament will have gone by before another budget is brought down. We have lost all this time. To my way of thinking the government has done a mighty poor job to date. I was hopeful that we would see some changes but like many more individuals I am bitterly disappointed.

There is another aspect from which this budget may be viewed. What has this government done about unemployment, which is one of the major issues confronting us as a nation? I am not playing down inflation; we know inflation is a serious problem. What about unemployment? A budget was brought down last fall, supposedly to do the job which this budget sets out to do. It failed miserably. The cost of living took off from last fall right through this spring, rising more rapidly than ever. During the winter, unemployment rose to fantastically high levels—over 10 per cent in the maritimes, over 8 per cent in Quebec, over 6 per cent in my own province of British Columbia and over 5 per cent across Canada.

How does the budget propose to deal with this situation? It is crystal clear that the government does not expect a significant decline in unemployment figures. The estimate is still that between 400,000 and 500,000 people will be out of work. In the report of the Economic Council of Canada some of the top economists in this nation stated that 3 per cent should be the limit as far as unemployment is concerned, yet month after month we have seen the rate running at double that amount. Does the government not accept advice of the people they hire to check into these things?

It is my frank opinion that the government gets into trouble when it strikes out on its own. Time and time again they get off the track. Changes must be made. We have tried the old solutions and they have not worked. It is time the Liberal party and other parties in this nation began to realise they must take more drastic measures if we are to solve the major difficulties facing Canada today.

I should like to return to the subject of pensions for a moment or two. It is a sad commentary on politicians who are sent to Ottawa that they can do so little effectively to assist those who can no longer bargain successfully for themselves. I am referring to senior citizens, retired civil servants, war veterans and those who have retired on pensions—C.N.R. pensioners, for example. We find that the old age security legislation contains a provision to the effect that if the cost

of living rises by 2 per cent pensioners will get a 2 per cent increase. If the cost of living index goes up 4 per cent they will still get a 2 per cent increase. In the last couple of years the spending power of pensioners, and indeed, of all of those on fixed incomes, has rapidly been eroded. Yet we have done nothing about it, though we are in a position to do something about it; we could easily make a change in the legislation which would at least result in the annual raise being equal to the rise in the cost of living index.

The estimate for the increase in the coming year contemplates another 4 per cent, which in other terms means a further $1.50 from the monthly cheque received by our senior citizens, the price of one more item in the stores which they will be unable to buy, though this is one of the richest nations in the world. We should be ashamed of ourselves for failing to tackle this need. We can do it. What are hon. members across the way doing about this? You have a majority in this house. You are the people who should be demanding amendments to the act and demanding that something be done.

Mr. Speaker: Order. I hesitate to interrupt the hon. member but I must remind him that he should address the Chair at all times.

Mr. Harding: Thank you, Mr. Speaker. I certainly will address the members through you. Hon. members on the government side should persuade the various cabinet ministers to bring in necessary amendments along the lines I have just indicated.

• (9:10 p.m.)

Now, I should like to spend a few minutes considering another question which has worried me a great deal since I came to Ottawa. It is the subject of national unity. Some might wonder why national unity should be brought into a speech on the budget. Well, as far as achieving national unity is concerned, I feel more can be done by dealing with the economic problems facing the nation in the various provinces of Canada than by bringing a measures such as the languages bill. Each step is of assistance, of course, but I believe that this budget has failed, and failed miserably, to solve economic problems and thus do a tremendous amount of good in bringing about unity across the nation. After all, people who are happy, have jobs with adequate incomes and are free from poverty are not going to talk about branching off from a central body. As far as governments are concerned, their real aim should be to try to achieve national unity in this nation of ours. I suggest we put far more emphasis on this particular aspect of the economy than we have in the past.

Before my time runs out I should like to make some comments about the deferred depreciation mentioned in the budget, and which some of our Liberal friends have told us is going to be good for the economy by bolstering housebuilding in various sections of the nation. I am not too sure that this is true. Having read the budget rather carefully and surveyed the picture across Canada, it appears to me that this deferred depreciation of 5 per cent a year in the long run is not going to mean very much. My reason for saying that is this: The Minister of Finance himself has estimated that there is going to be a Canada wide increase in costs of 4 per cent. By deferring commercial building the builder cannot claim his 5 per cent depreciation. On the other hand, his costs are going to go up 4 per cent. Therefore, I cannot for the life of me see that very much building will be deferred in this situation.

Other hon. members have referred to another rather odd aspect of this particular measure, and that is the singling out from the rest of three provinces with cities of over 50,000 population. I am doubtful that the claim made by the Minister of Finance of a saving of some $450 million that might hopefully be channelled into housing will be established in the ensuing year.

My time is almost up, but in closing I should like to say there are many major problems facing the nation. For example, there is unemployment, inadequate pensions, poverty, our taxation system, repatriation of the Canadian economy, high interest rates, cost of living and the great agricultural problems faced especially by the farmers in the west. Frankly, I think this budget does not deal adequately with those problems. In my opinion, and I believe in the opinion of most Canadians when they realize what is behind the budget, it will prove disastrous for the year 1969.

Mr. Ambrose Hubert Peddle (Grand Falls-White Bay-Labrador): Mr. Speaker, in my remarks in this debate I intend to take advantage of the traditional latitude extended by Your Honour both in this and the throne speech debates and will not necessarily confine my remarks to the content of the budget speech delivered on June 3. For the

most part the budget is, to me, a rather technical document, and as one newspaper columnist put it, it gives no cause either for spontaneous dancing in the streets or for mass protest rallies.

I am sure this is particularly true in Newfoundland. I cannot imagine for the life of me the Newfoundland fishermen becoming overly emotional over the fact that a pound of imported chocolate candy will cost three cents less, or that the cost of a pound of fancy imported raisins will drop almost one cent, or that a can of pineapple will cost four fifths of one cent less, or that a dollar's worth of orange juice will cost one and a half cents less. Certainly, I cannot imagine any Newfoundlanders being overjoyed because they are now allowed to bring back a little more duty free goods from their trips abroad. The few Newfoundlanders who do go abroad have, like most other Canadians, always managed to bring back a little more duty free goods than they were allowed.

I am also sure that the people I know best—Newfoundlanders—will not be too upset by the measure to defer capital cost allowances on skyscrapers in Ontario, British Columbia and Alberta. What the people of my province, and I presume the people of the other Atlantic provinces want, and what they have looked for in past years' budgets, throne speeches and government pronouncements, are measures to fulfil the big campaign promise made by the Prime Minister (Mr. Trudeau) last June. I refer to the big promise that his government would dedicate itself to the furtherance of the just society concept and the diminution and ultimate elimination of regional disparity.

There are those who say that the Prime Minister—indeed, the Prime Minister himself has said this—made almost no promises in the last election. However, Mr. Speaker, if you think about it for a minute you will realize that the references to the just society and to elimination of regional disparities embody every promise for which any sensible Canadian could possibly ask. After all, who in Canada wants more than justice? Who in Canada demands more than economic parity with his fellow Canadians? I say nobody. The Prime Minister did indeed make promises a year ago, very potent political promises. They were promises that embodied in a few words every other promise that was ever made in Canadian political history.

[Mr. Peddle.]

• (9:20 p.m.)

In his campaign of a year ago I think the Prime Minister capsulized one hundred years of political promises. He crammed one hundred years of frantic and not so frantic vote getting specifics on the part of all political parties into one potent political pill, his "just society and regional disparity pill". And boy, there is no question that this was a vote getter! I agree that the Prime Minister did not promise anything: I say that what he promised was everything. The people of Canada have a right to see those promises fulfilled. I call those promises a pill. The people of Canada swallowed that pill, and a whole year is a long time to wait for the slightest sign of benefit from the medication.

We were justified in expecting that this government's legislative program would reflect immediately, from the beginning its professed concern over injustice in our society and economic disparities between our regions. We expected to see real measures introduced, which would at least help us to begin fighting injustice and disparity. Now, let us look at the legislative program of this session which is about to end and let us look at other issues which have been raised in this country by this government. We have that famous bill C-150, if my memory serves me correctly, to amend the Criminal Code. It legalized homosexuality and liberalized the law concerning abortion. I suppose, too, it legalized abortions. Perhaps it is not proper to dwell on the homosexuality bit, but I think the house ought to hear a quip on this subject. Some wag said, "They have legalized it; next they will make it compulsory." And as someone from the N.D.P. added a few moments ago, "Yes, and without a means test."

The government had its priorities mixed up. We had the government reorganization bill. That was a great time consumer. A few departments were reorganized. Primarily, the bill established the department which is to deal with disparities between various economic regions of the country. We have not heard too much from that department. I presume its people are closeted together and will come up with sheaves of maps, plans, studies, task forces and what have you. Then, we had the languages bill which our party in large part supported and which I, too, supported. But I do not regard the languages question as being of top priority. We considered the housing bill which was brought forward much sooner than we had anticipated as a result of the resignation of the minister who, until

then, had been responsible for housing. I suppose the government felt impelled to do something pretty quickly. When you come right down to it, there is nothing in the bill for the low income Canadian, and therefore there is nothing in it for any Canadian. I say that for this reason. If you are not a low income Canadian you have no problem with housing. Therefore, there is nothing in this bill for any Canadian since there is nothing in it for any low income Canadian. So, I ask, what was the use of bringing it forward?

The problem, as I see it, is very simple. You have a young, married man earning $3,000 or $4,000 a year, and he has to pay rent of $125 or $150 a month. Half his salary goes towards maintaining a roof over his head.

An hon. Member: Shame.

Mr. Peddle: This is the problem. I wish the government would stop playing footsie with it and enter fields of endeavour which would help our people. The government is in the transportation business. It is in the hotel business. It flies aeroplanes and runs trains. I say to the government, stop playing footsie and, if necessary, get into the house building business. If that means depriving some of our big people in the building industry of a fat profit, that is their tough luck. After all, the government deprives the people in the hotel or transportation businesses of some of their profits.

During the past nine months the government has acted in some fields without being authorized to do so by legislation. For instance, the recognition of Red China has been under discussion. Why the government is doing this I do not know, but there it is. We have the question of the cutting back of our NATO forces. This sort of thing seems to come up at regular intervals. Then, the question has come up of establishing diplomatic relations with the Vatican. As I say, these suggestions seem to come up regularly. It seems to me someone sits up nights dreaming up ways of dividing the Canadian people and of setting us against other countries. Somebody works the night shift, I am sure, dreaming these things up. Where are the government's priorities, I ask? When I look at what has been done I ask myself, has the government done these things to cover up the fact that it has no real policies to put forward?

Some hon. Members: Hear, hear.

Mr. Peddle: I am being charitable when I think that. I cannot help wondering, though, if something a little more diabolical is not behind all this.

Mr. Benson: Will the hon. member permit a question. In reviewing business dealt with by the house he has alluded to some very important measures. I wish he would also mention bill C-202, to do with regional development incentives and the legislation to establish the Department of Regional Economic Expansion.

Mr. Peddle: When the minister was delivering his budget speech I would have loved to utter some interjections.

Mr. Benson: The hon. member could have done that.

Mr. Peddle: I am afraid I cannot cover everything in 20 minutes. I am the best judge of what I should speak about.

Mr. Baldwin: The minister talked for one hour and covered nothing.

Mr. Peddle: At the beginning of the session, if my memory serves me correctly, we had a budget that raised taxes. A few nights ago, near the end of the session, we had a little budget. In the budget speech the minister tried to tell us that there would be no increase in our taxes. That is just a play on words. When you have promised to discontinue a tax and you continue it in force, what are you doing except increasing taxes? We were told that a certain tax would be removed at the end of this year. Then, the minister turned around and kept the 3 per cent surtax in force. Let's not kid one another, Mr. Speaker. That tax will probably remain in force next year because the minister likes its taste.

Then, we have the tax on air travel which has not been pinned down to definite amounts. We do not know how big that tax will be. It will not affect my Newfoundland constituents too much because not too many of them are lucky enough to be able to afford air travel. Nevertheless, because of our geographic position and because some people may wish to visit their friends in Newfoundland, we want to see air fares kept as low as possible for the benefit of those who are lucky enough to have Newfoundland friends to visit.

The minister has budgeted for a $390 million surplus. All this week he has worn a smile on his face, reminding me of the cat that swallowed the canary. He loves the idea of the $390 million surplus. He is going to get a lot of mileage out of it. At one fell swoop he

will wipe out the $125 million Expo deficit. There is no need to carry it for a number of years; after all, we are rich. Let's write it off, the minister thinks. We have hit the jackpot. After all, we have a $390 million surplus coming this year.

But the people in the remoter areas of Newfoundland who ask the government to build a small wharf costing a few thousand dollars so that fishermen will not drown when they come back from fishing trips and who are refused on the grounds that the government has not the money to build the wharf are not so pleased. What must they think when they are turned down with the excuse that there is not enough money to meet their wishes? What do they think of this surplus? I have a filing cabinet full of letters from these people. They are all nice letters and all express grave concern over this lack of funds. None of them mentions anything about the $390 million surplus which is making the minister so happy. All this reminds me of the man earning, say, $3,000, $4,000 or $5,000 a year who buys a $4,000 or $5,000 automobile and who says to his mother, "Mother, let's pay off the car; we can eat next year or the year after." What kind of nonsense is this? We have regional disparity in Newfoundland. It is made in Canada by the government of Canada. I refer to the matter of permanent military installations.

• (9:30 p.m.)

Before my time expires I wish to quote some figures. The total strength, military and civilian, in the provinces is as follows: Newfoundland, 559; Prince Edward Island, 1,674; Nova Scotia, 20,105; New Brunswick, 7,612; Quebec, 15,227; Ontario, 42,071; Manitoba, 8,785; Saskatchewan, 2,214; Alberta, 8,877; British Columbia, 12,782 and the two Territories 270. I support the brief submitted by the Canadian Legion in the past few days. It states that Newfoundland represents 2½ per cent of the population of Canada. Bearing in mind the strategic position of Newfoundland, it is only reasonable we should expect 2½ per cent, or something approaching that, of the total military strength which would amount to 3,000 instead of 559. This is regional disparity, Mr. Speaker. As mentioned in the brief submitted by the Canadian Legion to the Minister of National Defence (Mr. Cadieux), it certainly appears to be in contravention of one of the terms of union. The government said it would maintain suitable military installations in that province. In view of the government's avowed intention to do something about the situation, I very humbly suggest that they start at this point. Then, everyone in Newfoundland will appreciate that and what we hope will follow it.

[Mr. Peddle.]

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, I had only some very brief remarks to make but having heard the hon. members' speeches about the budget brought down by the Minister of Finance (Mr. Benson), I would like to say that this budget will not help in any way the Canadian population deprived of purchasing power.

On a few occasions, I had an opportunity to tell the house that a large sector of the Canadian population lacks purchasing power.

Some hon. members have recently poked fun at Social Credit and said that it is a dollar-making machine that could only lead to inflation and that offered some danger.

Mr. Speaker, with all due respect, I would call your attention to the fact that a negative and irresponsible stand will not lead to adequate solutions to that problem which is now facing Canadians, that is an economic system based on the population's needs. Neither will we succeed in selling our huge production, so as to be able to produce more and thus reduce unemployment, by taking money from the tax-payers through direct or indirect taxes.

Everything holds together in the economic system and, in my opinion, we are facing a serious problem in Canada. We have to sell our products and increase our productivity while enabling people to meet their needs. We are more and more convinced that this monetary system is inadequate and cannot solve this problem.

As for us we suggest a solution which certainly will not solve all world's problems but which could at least settle some of them and which I think is justified by the existing conditions which we have been experiencing moreover for 100 years now. I think that hon. members—whatever their political opinions are—should at least be honest enough to examine seriously this solution, not with red- or blue-tinted glasses but so as to determine whether it is the whole or partial answer to our economic problem.

Mr. Speaker, the day I am given proof and sufficient explanation that the theory proposed by Major Douglas a number of years ago and now advocated by the Ralliement créditiste is not appropriate, that it does not solve the monetary problem while respecting private enterprise and promoting the development of the human being, I will no

longer be a Créditiste because I will know that it is not a true solution.

To date, nothing has been proven. We have not been told that it is an inadequate solution and those who do, act in the same way as the Minister of Regional Economic Expansion (Mr. Marchand) who laughs at us, pokes fun at everything, without seriously considering the suggestion.

The Minister of Finance wants us to study his budget seriously. He would like us to examine his recommendations seriously.

The Minister of National Revenue (Mr. Côté) has invited the members of the opposition to study the budget recommendations seriously, but he has neither the courage nor the sincerity to practise what he preaches and to make the necessary mental effort to examine our proposals.

We are ready to study his seriously, to make a clean sweep in order to examine the financial and economic recommendations of the government. We would hope he would have the same intellectual decency to study in return, with the same intellectual honesty, the recommendations that we bring forth.

Until I have proof to the contrary, it will not be said that the Canadian people have everything they need to live well and to grow. It will not be proven by the government that our productivity will increase, our balance of payments improve, that the purchasing power of the population will climb and our debts diminish.

On the contrary, we notice that debts increase, that our balance of payments is increasingly unfavourable, that we belong more and more to the United States, that the economic situation of several social classes is getting worse all the time, that the gap between rich and poor is getting wider, that the poor grow poorer, and there are more and more of them, that the rich are getting wealthier, but in smaller numbers, and that the situation is becoming unbearable for a large part of our people.

To speak about one part of the population, there are now more than 470,000 unemployed in Canada, who have neither a sufficient income nor the opporunity to work and develop their talents to increase the productivity for the benefit of the country. What is the government doing in that connection? Absolutely nothing!

Mr. Speaker, while some people are unemployed, others earn a living painfully, by the sweat of their brow, and do not make enough money to keep their families decently, to enjoy life.

Here, I refer to question No. 636 that I put on the order paper on November 1 last and which the government answered.

I asked how many Canadians earn less than $3,000 a year, and the government answered that 2,440,819 Canadians earn less than $3,000 a year. I have already said it in this house and I say it again that they make up 47.9 per cent of all wage earners.

Mr. Speaker, I cannot think that you, I or another member could keep his family, do this work as a member of parliament, and live decently on a yearly income of less than $3,000. This is ridiculous, Mr. Speaker, in a country as rich as ours.

In this line of thought, I also asked how many people earn between $3,000 and $4,000 a year. You will agree that this is not a very interesting or even acceptable income. It is not even a minimum considering the present cost of living. Moreover, the government is not concerned about this because it is doing nothing to control the increasing cost of living.

There are, as you probably know, 1,034,909 people in Canada making from $3,000 to $4,000 a year. Those are heads of families, wage earners who work, who are not unemployed and who make only from $3,000 to $4,000, which is a wholly inadequate income to meet their needs and live decently. Well, more than 20.3 per cent of the workers fall in that category.

If we consider the number of Canadians who earn less than $4,000 a year, we see the scandal of the present government that does absolutely nothing to help these people. On the contrary, it keeps on taxing them, "crushing" them further, to use a colloquial term. I believe it is the right one because none other fits to describe the situation in which the government is placing us. 68 per cent of the workers earn less than $4,000 a year.

This evening, a member for the island of Montreal—the name of his riding escapes me because we do not see him often; he was taking the floor for the first time, I think—said that the Ralliement créditiste was advocating the Social Credit doctrine and that it made no sense, that its principles defied application, that everything was going well and that the Minister of Finance deserved congratulations. I suggest that such an attitude is not honest. At least, one should be honest enough to study the solution we are proposing, that is to establish a balance between the purchasing power of the consumers and the total production of the country.

Division

We are presently experiencing a period of inflation. The Americans and the American banks have announced that they are tightening credit, that they are increasing the interest rate. We, Canadians, with our sheep-like mentality with regard to economic policy, will follow suit, obviously. Who will bear the brunt of such an attitude? The Canadians, again and always.

Mr. Speaker, I am convinced that we should have, in Canada, a policy of economic nationalism at the service of the people, so that money will serve the people and not the reverse.

● (9:40 p.m.)

[*English*]

Mr. Deputy Speaker: Order, please. It being nine forty-five o'clock it is my duty pursuant to section (6) of Standing Order 60 to interrupt the proceedings and forthwith put the question on the amendment to the amendment.

The house divided on the amendment to the amendment (Mr. Saltsman) which was negatived on the following division:

YEAS

Messrs:

Alexander
Alkenbrack
Asselin
Baldwin
Barnett
Beaudoin
Bell
Bigg
Brewin
Carter
Coates
Code
Crouse
Dinsdale
Douglas (Nanaimo-Cowichan-The Islands)
Downey
Fairweather
Flemming
Forrestall
Fortin
Gilbert
Godin
Gundlock
Hales
Harding
Harkness
Hees
Howard (Skeena)
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Lambert (Edmonton West)
Laprise
Latulippe
Lewis
Lundrigan
MacDonald (Egmont)
MacInnis (Mrs.)
MacLean
Macquarrie
McCleave
McGrath
McIntosh
McKinley
Marshall
Matte
Mazankowski
Muir (Cape Breton-The Sydneys)
Nesbitt
Noble
Nowlan
Paproski
Peddle
Rodrigue
Rondeau
Rose
Saltsman
Schumacher
Scott
Simpson
Stanfield
Stewart (Marquette)
Tétrault
Thomas (Moncton)
Thompson
Winch
Woolliams
Yewchuk—67.

NAYS

Messrs:

Allmand
Anderson
Andras
Badanai
Basford
Béchard
Benson
Blair
Blouin
Borrie
Boulanger
Breau
Brown
Caccia
Cadieux (Labelle)
Cafik
Cantin
Chappell
Chrétien
Clermont
Comtois
Corbin
Côté (Longueuil)
Crossman
Cullen
Cyr
Danson
Davis
Deachman
Deakon
De Bané
Drury
Dubé
Duquet
Émard
Forest
Forget
Foster
Francis
Gendron
Gervais
Gibson
Goode
Goyer
Gray
Groos
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Haidasz
Hogarth
Honey
Hopkins
Howard (Okanagan Boundary)
Hymmen
Isabelle
Jamieson
Jerome
Kaplan
Kierans
Lachance
Laflamme
Laing (Vancouver South)
Laniel
Leblanc (Laurier)
Lefebvre
Legault
Lessard (LaSalle)
Loiselle
Macdonald (Rosedale)
Marceau
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Mongrain
Morison
Murphy
Noël
Olson
Orange
Otto
Ouellet
Penner
Pepin
Perrault
Pilon
Portelance
Reid
Richard
Richardson
Roberts
Robinson
Rock
Roy (Timmins)
Serré
Smith (Northumberland-Miramichi)
Stafford
Stanbury
Stewart (Cochrane)
St. Pierre
Sulatycky
Sullivan
Tolmie
Trudeau
Trudel
Turner (London East)
Wahn
Walker
Watson
Weatherhead
Whelan
Whiting
Yanakis—112.

Mr. Speaker: I declare the amendment to the amendment lost.

It being after ten o'clock, the house stands adjourned until 2 p.m. tomorrow.

At 10.10 p.m. the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Wednesday, June 11, 1969

The house met at 2 p.m.

ROUTINE PROCEEDINGS

[*Translation*]

FINANCE, TRADE AND ECONOMIC AFFAIRS

Twenty-third report of the Standing Committee on Finance, Trade and Economic Affairs, in French and in English—Mr. Clermont (Gatineau).

[*Editor's Note: Text of foregoing report appears in today's Votes and Proceedings.*]

[*English*]

DOMINION-PROVINCIAL CONFERENCE

TABLING OF AGENDA OF FIRST WORKING SESSION

Mr. J. E. Walker (Parliamentary Secretary to the Prime Minister): Mr. Speaker, I should like to table copies in English and French of the agenda of the first working session of the constitutional conference which was released this morning by decision of the conference.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

PREFERENCE IN PURCHASE OF CANADIAN PRODUCTS

Question No. 1,247—**Mr. Fortin:**

1. Does the Canadian Government Supply Services follow a policy favouring the purchase of Canadian products and, if so, what are the particulars of such policy?

2. What was the total amount of purchases by these services during the last fiscal year and of that amount, what proportion was (a) for Canadian products (b) for foreign products?

3. Does the government intend to propose the enactment of legislation similar to the "Buy American Act" and, if not, for what reasons?

[*Translation*]

Hon. James Richardson (Minister of Supply and Services): In so far as the Department of Supply and Services is concerned: 1. The policy of the department with regard to the purchase of Canadian products is, as reflected in the general conditions that are applicable to departmental contracts, that to the full extent to which they are procurable, consistent with proper economy and the expeditious carrying out of the contract, Canadian labour, parts and materials shall be used. Therefore, the department buys from Canadian firms if practicable and only turns to other sources of supply when procurement from the Canadian sources is deemed to be uneconomical or impractical.

In addition, it is the government's policy that a modest premium will be paid for a product with higher Canadian content. This premium is calculated at up to 10% of the difference of foreign content.

2. The total net value of the contractual documents issued by the Department of Supply and Services during the fiscal year 1968-1969 was $861,152,000.

In high value equipments such as aircraft, ships, special vehicles, etcetera, due to agreements for defence production sharing with the United States and other NATO countries, many components contain an element of foreign content, but on an overall procurement basis, by far the largest proportion is Canadian. Due to the difficulty of tracing the relative Canadian and foreign content through all sub-contract levels, and the high cost which would be involved in maintaining separate accounts for this purpose, such records are not kept.

3. No. It is not considered in Canada's overall interest to introduce restrictive legislation of this type, because of the protection already afforded Canadian industry by present import duties, together with the provision for paying a premium for Canadian content.

[*English*]

TENDERS FOR WORK ON "H.M.C.S. MARGAREE"

Question No. 1,690—**Mr. MacEwan:**

1. What were the names of the tenderers and the various tenders for work on the *HMCS Margaree*, which closed on August 20, 1968?

2. Who was the successful bidder and what is the amount of the final contract price?

Hon. James Richardson (Minister of Supply and Services): 1.

Tenderers	Tenders
Davie Shipbuilding Ltd.	$296,717
Marine Industries Ltd.	$398,054
St. John Shipbuilding Ltd.	$483,784
Canadian Vickers Ltd.	$540,278
Dominion Steel & Coal Corp.	$582,594

Questions

2. The contract was awarded to the lowest tenderer, Davie Shipbuilding Ltd. Due to the exceptionally high volume of unanticipated work found to be necessary as a result of opening up equipment, machinery, tanks, etc., and to the cost of additional work determined to be necessary by the Department of National Defence after the original specifications had been tendered upon, the final contract price amounted to $574,107, comprising the following: (a) Original tender price, $296,717; (b) Additional unanticipated work arising as a result of opening up of equipment, etc., $121,108; (c) Additional work not included in the original specifications, $105,580; (d) Cost of material, including subcontracts, related to items (b) and (c), $50,702; Total, $574,107.

POSTAGE STAMPS PRINTING CONTRACTS

Question No. 2,006—**Mr. Saltsman:**

1. What are the names of the two firms referred to in the 1968 Auditor General's Report on page 91-92, undertaking government printing contracts for postage stamps, paper currency, passports, etc.?

2. Over the last ten years, what have been the annual expenditures under government contracts awarded to each of the above firms?

3. Will the Department of Finance undertake a cost audit of the books of the above firms as recommended by the Auditor General?

Hon. E. J. Benson (Minister of Finance): 1. The two firms referred to in paragraph 92 of the 1968 Report of the Auditor General are The British American Bank Note Company and The Canadian Bank Note Company.

2. Based on the Public Accounts and on information supplied by the departments concerned, expenditures have been:

	British American Bank Note Company ($000)	Canadian Bank Note Company ($000)
1959-60	1,026	1,385
1960-61	809	1,189
1961-62	775	1,383
1962-63	1,055	1,530
1963-64	1,060	1,512
1964-65	1,058	1,555
1965-66	1,111	1,525
1966-67	1,582	1,616
1967-68	1,628	1,572
1968-69	2,032	1,401

3. The Department of Supply and Services is conducting a cost audit of government contracts with the two firms as requested by the Department of Finance early this year.

[Mr. Richardson.]

FERTILIZER IMPORTS

Question No. 2,076—**Mr. Gleave:**

1. How much fertilizer was imported into Canada from October 1968 to April 15, 1969 (a) tonnage (b) price at port of entry?

2. How much fertilizer was exported from Canada during the same period?

3. Was the Shell Oil Company the supplier of all or part of the supplies?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): In so far as the Dominion Bureau of Statistics is concerned: 1. The amount of fertilizer imported into Canada for the period October 1, 1968 to March 31, 1969 (latest statistics available) was (a) 124,867 tons; (b) valued at $5,684,153*.

* The value is the "Fair Market Value" at customs port of entry.

2. The value of fertilizers exported from Canada for the period October 1, 1968 to March 31, 1969 (latest statistics available) was $91,125,076. Quantities are not available.

In so far as the Department of Industry, Trade and Commerce is concerned: 3. Shell Canada Ltd. did not supply any fertilizer that was exported during that period.

EMPLOYMENT OF MR. JEAN-PAUL RACINE

Question No. 2,104—**Mr. Lambert (Bellechasse):**

Is the former Member of Parliament, one Mr. Jean-Paul Racine, employed by the government, or by a Crown Corporation and if so, (a) what is his position and (b) what is his annual salary?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): No. (a) Not applicable; (b) Not applicable.

INTER-CITY MAIL THROUGH TORONTO

Question No. 2,136—**Mr. Macquarrie:**

1. What percentage of inter-city mail in Canada passes through the Toronto Post Office?

2. What percentage of inter-city mail in Canada passes through the Montreal Post Office?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): In so far as the Post Office Department is concerned: Detailed information with respect to the composition of mails is available with respect to first class mail in those large post offices where continuous work measurement records are maintained.

On the basis of these figures, the answer to this question, in respect of first class mail only, is as follows: 1. 12.15 per cent.

2. 10.03 per cent.

Questions

AID FROM CANADA

Question No. 2,181—**Mr. Paproski:**

1. What countries received aid from Canada in 1968 and in what amounts?

2. What, in each case, are the projected amounts for 1969?

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1. Countries which received aid from Canada during the fiscal year 1968-69 are listed in Annex "A". Amounts allocated are shown opposite each country.

2. Projected amounts for the fiscal year 1969-70 are expected to be approximately the same as in 1968-69. They are still under consideration.

Countries Receiving Canadian Aid

	Amounts allocated in 1968-69 (in millions of dollars)
Colombo Plan	
India	84.0
Pakistan	27.0
Malaysia	3.0
Ceylon	4.5
Indo China States	3.5
Thailand	2.2
Others	2.1
Francophone Africa	
Tunisia	3.5
Cameroun	3.0
Senegal	3.5
Algeria	4.0
Morocco	2.5
Congo	.7
Rwanda	.8
Others (including Ivory Coast, Togo, Dahomey, Niger)	2.5
Commonwealth Africa	
Nigeria	9.55
Ghana	6.5
Tanzania	3.0
Kenya	2.7
Uganda	2.3
East African Community	.3
Others	1.35
Commonwealth Caribbean	
Jamaica	5.35
Trinidad & Tobago	5.25
Guyana	4.5
Little Seven, British Honduras and Barbados	6.0
University of West Indies	1.0
Others	
Latin America (through IADB)	10.0
Turkey	1.3
Ethiopia	.3

PAYMENTS IN SUBSIDIES AND SUPPORT PROGRAMS

Question No. 2,223—**Mr. Robinson:**

1. Does the Department of Agriculture provide subsidies and/or support programs for any segment of the economy, groups or individuals inside Canada and, if so, to what extent, in what amounts, and to whom are the amounts paid?

2. What amounts have been paid for subsidies and/or support programs during each of the years 1960-68 inclusive?

Hon. H. A. Olson (Minister of Agriculture): Answers to Questions 1 and 2: Subsidies and support payments have been made to or for the benefit of producers during the years 1960-1968, in the following amounts: 1960-1961, $103,805,000; 1961-1962, $140,055,000; 1962-1963, $55,611,000; 1963-1964, $86,119,000; 1964-1965, $79,631,000; 1965-1966, $100,967,000; 1966-1967, $135,770,000; 1967-1968, $154,766,000; 1968-1969, $165,841,000.

The above figures include payments made by the Agricultural Stabilization Board, the Canadian Dairy Commission and the Canadian Livestock Feed Board, plus payments made under other Departmental Support programs for Crop Insurance, Hog and Lamb premiums, compensation and sundry emergency assistance.

ELDORADO NUCLEAR—ACTIVITIES AND EMPLOYEES IN QUEBEC

Question No. 2,229—**Mr. Fortin:**

1. What are the capital assets owned by Eldorado Nuclear Limited (a) in Quebec, and (b) elsewhere in Canada?

2. How many employees does Eldorado Nuclear Limited have (a) in Quebec, and (b) elsewhere in Canada?

3. For each of the last five years, what were Eldorado's expenditures for prospecting (a) in Quebec, and (b) elsewhere in Canada?

4. Does Eldorado intend to carry out prospecting in Quebec and if not, for what reason?

5. How many of Eldorado Nuclear Limited employees earn $17,000 and more and of these employees, how many have (a) French (b) English (c) some other language as their mother tongue and how many are bilingual?

Hon. Otto E. Lang (Minister without Portfolio): Eldorado Nuclear Limited reports as follows: 1. (a) Nil; (b) $16,667,816 (unamortized, at December 31, 1968).

2. (a) No employees working in Quebec, but a few employees who work in Ontario reside in Quebec. (b) Approximately 1,075 at December 31, 1968.

Questions

3. (a) & (b) No outside prospecting was done in these years. Some limited prospecting was done on Eldorado's own properties adjacent to the Saskatchewan mine. See answer to 4.

4. By government policy, the prospecting activities of Eldorado since 1961 were restricted to Eldorado properties immediately adjacent to its Saskatchewan mine. Although this restriction has now been removed the Company's prospecting activities continue to be limited by a shortage of funds available for this purpose. At such time as funds are again available, the Company intends to prospect more widely and in such areas as are considered to be geologically attractive. There is good reason to believe that some such areas might be in the Province of Quebec.

5. To seek the information requested would constitute a contravention of the Ontario Human Rights Code, the Fair Employment practices Act of Saskatchewan and the Human Rights Act of Alberta—the three provinces in which the Company operates.

WESTERN CANADA WHEAT PRODUCTION

Question No. 2,265—**Mr. Beaudoin:**

1. How many bushels of wheat were produced by the Western Provinces?
2. How many bushels were consumed in Canada?
3. How many were exported?
4. How many were not sold?
5. What was the disposition of the unsold wheat?

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): 1, 2, 3, 4 and 5. See attached table.

Crop Year (August 1st to July 31st)

	1966–67	1967–68	1968–69
	thousand bushels		
1. Wheat produced in four western Provinces (Manitoba, Saskatchewan, Alberta and British Columbia)	810,480	576,100	633,500
2. Wheat consumed in Canada	155,407	168,150	N.A.
3. Wheat (including seed) exported	483,456	311,320	189,729*
Wheat flour exported	31,851	24,690	16,897*
Total exported	515,307	336,010	206,626*

	1966	1967	1968
	thousand bushels		
4. Stocks on hand at August 1st	420,122	576,751	665,510
5. Disposition of unsold wheat-stocks at August 1st			
On farms	100,000	205,000	236,000
Country elevators	179,519	197,682	255,325
Interior private and mill elevators	6,935	7,217	5,288
Interior terminal elevators	2,227	13,466	13,725
Vancouver–New Westminster elevators	10,179	9,745	8,670
Victoria elevator	821	438	800
Prince Rupert elevator	249	293	753
Churchill elevator	4,132	4,478	4,163
Fort William–Port Arthur elevators	35,888	44,523	63,026
In transit—Rail	29,052	22,400	26,737
Eastern elevators	38,539	62,070	46,703
In transit lake	9,692	6,851	1,964
Eastern mills (mill bins only)	2,618	2,310	2,190
Western mills (mill bins only)	272	276	166
Totals in Canada	420,122	576,751	665,510

*Statistics for 8 months only available (August 1968 to March 1969).

[Mr. Lang.]

[*English*]

HARVEST OF IRISH MOSS

Question No. 2,272—**Mr. MacDonald (Egmont):**

1. What was the total amount of Irish moss harvested from the Province of Prince Edward Island in 1963, 1964, 1965, 1966, 1967 and 1968?

2. How much of this moss was processed on Prince Edward Island?

3. What was the net worth of this moss?

4. In what ways is the Irish moss research station in Miminegash, Prince Edward Island, assisting the expansion of the industry?

Mr. E. F. Whelan (Parliamentary Secretary to the Minister of Fisheries and Forestry):

1.

Year	Landings Irish moss ('000 lb. wet)
1963	10,559
1964	7,124
1965	17,139
1966	24,464
1967	47,926
1968	53,658

2. All Irish moss harvested along the shores of Prince Edward Island is dried on the Island.

3.

Year	Value of landings Irish moss ($'000)
1963	163
1964	109
1965	258
1966	402
1967	1,216
1968	1,167

4. By (a) development and improvement of commercial drying and cleaning of seaweeds; (b) upgrading of quality of dried moss by demonstration to operators of commercial plants based on results of custom drying of raw product; (c) extending the harvesting season with resulting benefits to fishermen; (d) development of improved processing equipment and handling and processing techniques; (e) studies of harvesting techniques; (f) ecological studies in selected areas establishing density and rates of growth, changes in population, effects of temperature and salinity; (g) investigation of extract yields and related characteristics, and; (h) initiation of cultivation studies in association with the Nova Scotia Research Foundation.

GRANT TO LIBBY-OWENS FORD

Question No. 2,299—**Mr. Nystrom:**

1. Did the government grant any money to Libby-Owens Ford Company of Collingwood, Ontario under the Area Development Administration from the inception of the ADA until the end of 1968?

2. Has any other type of financial assistance been granted to this firm by the government over the time period mentioned and, if so, under what program was this assistance given, on what date, and what was the amount of the assistance?

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): 1. Yes. Under the Area Development Incentives Act $1,220,578 of a capital grant of approximately $2,000,000, has been paid to this company.

2. No.

FUEL OIL FOR R.C.N. SHIPS

Question No. 2,314—**Mr. Anderson:**

What is the per barrel cost of fuel oil purchased by the government for R.C.N. Ships (a) at Halifax (b) at Esquimalt?

Hon. James Richardson (Minister of Supply and Services): In accordance with Standing Offer Agreements for the period from June 1, 1968 to May 31, 1969, the cost per barrel of fuel oil, Naval, Boiler, CGSB Specification 3-GP-12C purchased by the Government for R.C.N. Ships: (a) at Halifax, N.S., $3.69 per barrel; (b) at Esquimalt, B.C., $3.25 per barrel.

CANADIAN DAIRY COMMISSION PERSONNEL

Question No. 2,316—**Mr. Lambert (Bellechasse):**

1. What is the number of persons, including the Commissioners, employed full-time by the Canadian Dairy Commission?

2. Of this number, how many are French-speaking and how many are bilingual?

3. In 1969-70, what will be the annual salary paid to the Commissioners at the various levels?

4. What will be the annual salary of the other employees?

Hon. H. A. Olson (Minister of Agriculture): 1. 29.

2. French-speaking, 14; bilingual, 16.

3. Present salary rate: Chairman, $25,000; Vice-Chairman, $23,000; Commissioner, $23,000.

4. Present salary rate: 1 Senior Officer 2, $22,000; 1 Economist, $15,762; 1 AS 6, $14,007; 1 PM 4, $10,054; 1 PM 3, $9,282; 1 PM 3, $8,169; 1 PM 1, $6,325; 1 CR 4, $5,555; 1 CR

Questions

4, $5,383; 1 CR 3, $5,125; 1 CR 3, $4,663; 1 CR 2, $4,133; 2 CR 2, $4,009; 1 CR 2, $3,885; 1 CR 2, $3,761; 1 CR 1, $3,165; 1 CR 1, $3,064; 1 CR 1, $2,862; 1 ST 8, $7,529; 1 ST 7, $6,182; 1 ST 6, $5,727; 1 ST 6, $5,555; 1 ST 4, $4,629; 1 ST 3, $4,384; 1 ST 3, $4,120.

CONTRACT FOR EXTRA SEATS AT AUTOSTAD

Question No. 2,331—**Mr. MacEwan:**

1. Has the Central Mortgage and Housing Corporation awarded a contract for the addition of extra seats at the Autostad in Montreal and, if so, what is the amount of the contract?

2. What work is included in the contract?

3. By what person or corporation is the Autostad owned?

4. Is the amount to be expended contained in the Estimates of any government department for the current year?

5. For what purpose is the Autostad used, who derives the revenue from it and in what amount?

6. Who pays for the maintenance of the Autostad and what was the original cost to the Canadian taxpayers?

Hon. Robert K. Andras (Minister without Portfolio): 1. Yes. $266,850.

2. The installation of 5,164 seats and related support structures.

3. The Autostad is owned by the Government of Canada.

4. Yes (1969/70 Estimates Vote L175)

5. The Autostad is leased to the Montreal Alouette Football Club Inc. for professional football. The Alouettes pay 15% of all receipts including gate, stadium rental and concessionaires with a minimum of $100,000 per year as rent and $11,625, annually for office space and parking facilities.

6. The Alouettes pay for the maintenance of the Autostad. The original cost to the Canadian Corporation for the World Exhibition was $4,014,662. However, the major automobile companies contributed $3,350,000. toward the cost, thus the net cost to CCWE was $664,662.

RESPONSIBILITIES OF MR. MICHAEL BUTLER

Question No. 2,334—**Mr. Orlikow:**

1. What are the specific duties and responsibilities of Mr. Michael Butler in the Privy Council Office?

2. What is Mr. Butler's annual salary?

Mr. J. E. Walker (Parliamentary Secretary to the Prime Minister): 1. Mr. Butler acts as assistant secretary to the Cabinet and is responsible for the preparation, appropriateness and form of Cabinet materials concerning priorities and planning. His specific duties include developing the schedule of work for one of the Cabinet committees, preparing minutes of committee meetings and records of decision.

2. $16,616.

RESPONSIBILITIES OF MR. HARRY R. JOHNSON

Question No. 2,335—**Mr. Orlikow:**

1. What are the specific duties and responsibilities of Mr. Harry R. Johnson in the Privy Council Office?

2. What is Mr. Johnson's annual salary?

Mr. J. E. Walker (Parliamentary Secretary to the Prime Minister): 1. Mr. Kirkwood acts as assistant secretary to the Cabinet and is responsible for the preparation, appropriateness and form of Cabinet materials concerning legislation and the parliamentary program. His specific duties include developing the schedule of work for one of the Cabinet committees, preparing minutes of committee meetings and records of decision.

2. $17,308.

RESPONSIBILITIES OF MR. DAVID H. W. KIRKWOOD

Question No. 2,336—**Mr. Orlikow:**

1. What are the specific duties and responsibilities of Mr. David H. W. Kirkwood in the Privy Council Office?

2. What is Mr. Kirkwood's annual salary?

Mr. J. E. Walker (Parliamentary Secretary to the Prime Minister): 1. Mr. Kirkwood acts as assistant secretary to the Cabinet and is responsible for the preparation, appropriateness and form of Cabinet materials concerning economic policies. His specific duties include developing the schedule of work for one of the Cabinet committees, preparing minutes of committee meetings and records of decision.

2. $23,692.

RESPONSIBILITIES OF MR. PAUL TELLIER

Question No. 2,337—**Mr. Orlikow:**

1. What are the specific duties and responsibilities of Mr. Paul Tellier in the Privy Council Office?

2. What is Mr. Tellier's annual salary?

Mr. J. E. Walker (Parliamentary Secretary to the Prime Minister): 1. Mr. Tellier acts as assistant secretary to the Cabinet and is responsible for the preparation, appropriateness and form of Cabinet materials concerning cultural policy including bilingualism.

His specific duties include developing the schedule of work for one of the Cabinet committees, preparing minutes of committee meetings and records of decision.

2. $16,616.

VANCOUVER LOW RENTAL HOUSING

Question No. 2,341—**Mrs. MacInnis:**

1. How much money is being contributed by each of the following toward the 130 low-rental housing units announced on May 14 by the Minister responsible for housing to be constructed in two projects in Vancouver (a) the federal government (b) the provincial government (c) the City of Vancouver?

2. What amount was paid for the land involved?

3. What recreational facilities will these projects include (a) inside (b) outside?

4. On what basis will the tenants be selected?

5. On what basis will the rents be set?

Hon. Robert K. Andras (Minister without Portfolio): 1. (a) The Federal Government's contribution is estimated at $1,156,772; (b) The Provincial Government's contribution is estimated at $385,591; (c) The City of Vancouver does not contribute to the construction cost.

2. The cost of the land was $313,400.

3. (a) There is no provision for inside recreation facilities; (b) Equipped play areas will be provided outside.

4. The tenants will be selected on a point rating system which takes into consideration present accommodation, present rent, number of dependents, eviction notices issued, income, overcrowding and 12 month residence in the city. In addition, priority is given to applicants displaced as a result of government or private urban renewal or demolitions.

5. Rental rates will be in accordance with the rent-to-income scale.

NATIONAL DEFENCE MOTOR VEHICLE PURCHASES

Question No. 2,345—**Mr. Beaudoin:**

1 How many motor vehicles did the government purchase for the Department of National Defence for each of the years 1960 to 1968 inclusive?

2. How many of the vehicles are still in service?

3. For each of these years, how many were sold through Crown Assets Disposal Corporation?

[*Translation*]

Mr. D. W. Groos (Parliamentary Secretary to the Minister of National Defence): The term "Motor Vehicles" has been taken to mean motorized vehicles, construction engineering equipment, material handling equipment, heavy special purpose equipment and trailers. On this basis, the replies to 1, 2 and 3 are as follows:

Model Year	Purchased	Still in Service	Disposition: To Crown Assets Disposal Corporation	Disposition: Write-off and issue to other departments
1960	949	384	499	66
1961	1538	770	652	116
1962	1100	618	423	59
1963	1105	787	242	76
1964	2733	2513	185	35
1965	994	977	17	—
1966	1917	1890	16	11
1967	2280	2278	—	—
1968	346	346	—	—

Records are not maintained in a manner which would permit the quantity of each model disposed of through Crown Assets Disposal Corporation to be readily identifiable to a particular year.

[*English*]

FEASIBILITY STUDY OF INDUSTRIAL PROJECTS

Question No. 2,347—**Mr. Broadbent:**

Which new studies are being sponsored by the Area Development Agency in co-operation with

provincial governments to determine the feasibility of specific industrial projects as reported in the annual report of the Department of Industry, April 1, 1967-March 31, 1968 on page 34?

Mr. Russell C. Honey (Parliamentary Secretary to the Minister of Regional Economic Expansion): New Brunswick: Wood component industrial opportunity study, Canadian market for high pressure decorative laminates. Ontario: Feasibility of a moccasin factory on Manitoulin Island. Manitoba: Feasibility of new rendering facilities.

SEAL HUNTING LICENCES

Question No. 2,366—**Mrs. MacInnis:**

1. Are seal-hunting licenses issued exclusively to fishermen or are they issued to anyone who applies as a game license?

2. If issued to all applicants, what percentage of the total number issued went to bona-fide fishermen in the 1969 season?

Mr. E. F. Whelan (Parliamentary Secretary to the Minister of Fisheries and Forestry): 1. It is not required that applicants for sealing licences be fishermen.

2. This information is not available. In some kinds of commercial fishing on the Atlantic Coast no licences are required of individual fishermen; for example, in trawling and dragging only the vessel is licensed.

RETRAINING FOR RETIRING ARMED SERVICES PERSONNEL

Question No. 2,372—**Mr. Douglas (Nanaimo-Cowichan-The Islands):**

1. Is there a program of rehabilitation and retraining for retiring armed services personnel?

2. What is the nature of the program?

3. Are formal courses of instruction offered and, if so, for which professions and vocations?

4. Who is eligible to participate in the program?

5. What steps are taken to acquaint armed forces personnel with the existence of the program?

6. When was the program instituted?

7. Has the program been subject to evaluation since its introduction and, if so, what were the results?

Mr. D. W. Groos (Parliamentary Secretary to the Minister of National Defence): 1. Yes.

2. The program, called "The Civilian Employment Assistance Program", is a joint effort of the Department of National Defence and the Department of Manpower and Immigration. The scope of the program includes counselling by the Canadian Forces Personnel Selection Officer in the areas of evaluation of work interests, including the use of objective psychological measures, evaluation of military training and experience as related to civilian employment, assistance in planning academic upgrading prior to retirement and current information about the civilian labour market. He also provides assistance in the preparation of a career résumé and a maximum of 20 printed and bound copies, complete with photo portrait, are provided at no cost to the individual. Under the provision of Bill C-278 "The Adult Occupation Training Act" individuals whose skills and experience do not qualify them for satisfactory entry into the civilian labour force may be provided with suitable occupational training. The need for such training is initiated and assessed by the designated Manpower counsellor responsible for retiring servicemen in co-operation with the military Personnel Selection Officer. Assistance is provided, both on a local and nation wide basis, by the local Manpower counsellor towards available job opportunities best suited to an individual's particular needs; or develop job opportunities for an individual by bringing his qualifications to the attention of potential employers.

3. Formal courses of instructions are not offered within the service, but the program offers counselling in academic upgrading and preparation for occupational retraining, as managed by the Department of Manpower and Immigration.

4. The program is designed primarily for all long service personnel who will be released upon reaching compulsory release age. It is also available to personnel upon termination of a short service commission or who are being released prematurely (honourably, and for other than voluntary reasons), except that for those released with less than ten years service, DND limits its responsibilities to that of providing a counselling service. Entry to the program for those eligible is voluntary and can commence five years before retirement.

5. The text of the pertinent order, CFAO 56-20, is published once each quarter in unit orders. Articles describing the program have been published in the Armed Forces Magazine "The Sentinel", a poster has been printed and distributed to all Bases in Canada and locations overseas, articles and regular news columns have been printed in garrison and unit newspapers, as well as newspapers such as the *Financial Post*. In addition, the letter sent to senior personnel, advising them of the

official date of release, makes specific reference to the program and, at the unit level, Base Personnel Selection Officers are given notice of those who will reach compulsory release age twelve months in advance.

6. The military contribution to this program has been in existence in differing forms, on individual basis, since 1958, and on an integrated basis since March 1965. The Department of Manpower and Immigration joined in on January 1, 1968.

7. Evaluation of the program has commenced but has not yet been completed. The evaluation will include an extensive study through questionnaires mailed to retired military personnel, a series of questionnaires to discover and evaluate all aspects of the present program in relationship to those who are retiring in the near future and, finally, a questionnaire to gain information about the attitudes of the civilian employer to retired personnel of the Canadian Forces.

CANADIAN ARMED FORCES PERSONNEL IN U.S.

Question No. 2,376—**Mr. Nystrom:**

1. How many Canadian Armed Forces Flying Officers and Pilots were stationed in the United States in the years 1965, 1966, 1967 and 1968?

2. Where were they stationed and what was their purpose for being there?

3. How many of these Pilots were qualified as flying instructors?

Mr. D. W. Groos (Parliamentary Secretary to the Minister of National Defence): 1. and 2. In 1968, there were 123 aircrew officers stationed at 40 locations in the United States. Forty were on exchange duties with U.S. Forces; 20 were on liaison duties; 60 were attached to NORAD and three were attending courses: For 1965, 1966, 1967 this information is not readily available and cannot be provided without the identification of each individual involved, and the drawing from War Service Records of the confidential personal files of those aircrew officers who have been released since 1965, and the examination of all these files to obtain the information. The necessary expert staff is not available to undertake the large amount of work which would be required to gather this information.

3. See remarks above.

ABITIBI PART-TIME EMPLOYEES

Question No. 2,382—**Mr. Laprise:**

1. Does the federal government have part-time employees in the constituency of Abitibi, who prepare reports for the Bureau of Statistics and, if so, what are their names and addresses?

2. How many hours per month does this work require from each employee?

3. Do such employees work within the boundaries of the (a) federal, or (b) provincial constituency?

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): 1. Yes, the Dominion Bureau of Statistics employs one person who works part-time as a labour force interviewer in the federal constituency of Abitibi and part-time in the federal constituency of Villeneuve—Mr. Denis Veillette, 440 Pioneer Avenue, Malartic, Quebec.

2. Mr. Veillette works approximately 15 hours per month on this work.

3. This employee works in an area of Quebec not specifically related to either federal or provincial constituencies as work areas are determined on the most economical basis.

[*English*]

CORNWALLIS NAVAL BASE HOUSING RENTALS

Question No. 2,403—**Mr. Comeau:**

1. Have the housing rents for the married quarters at Cornwallis Naval Base been raised this year and, if so, by how much?

2. Is a further increase in the rents contemplated for next year and, if so, by how much?

3. What is the reason for such increases?

4. Has similar action been taken on other basis in Canada?

Mr. D. W. Groos (Parliamentary Secretary to the Minister of National Defence): 1. Rent for Canadian Forces' married quarters was revised effective 1 April 1968, at the direction of Treasury Board. All charges are based on the weighted national average of market rental values as appraised by Central Mortgage and Housing Corporation. Charges vary according to the type of accommodation, and there are 17 different types of accommodation at Canadian Forces Base Cornwallis. A transitional system of increases commenced 1 April 1968, with a maximum of $15 per month per year and a similar increase was instituted on 1 April 1969.

2. Increases will continue to be imposed until the established charge for the various housing units has been reached.

3. The revision was part of government policy whereby all federally owned housing was to be rented at rates comparable to those for similar civilian accommodation.

4. Yes, the revised rental structure is applicable at all bases in Canada, at the same rates and with the same effective dates.

Questions

FARM ASSISTANCE EMPLOYEES UNDER PUBLIC SERVICE ACT

Question No. 2,419—**Mr. Southam:**

Is it the intention of the government to introduce legislation in the next session to amend the Prairie Farm Assistance Act to bring those officials involved in administering and supervising this Act under the terms and provisions of the Public Service Act so that those affected may enjoy the same security of tenure and pension benefits as presently enjoyed by those presently engaged in the Public Service of Canada?

Hon. H. A. Olson (Minister of Agriculture): There has been no decision made to introduce legislation to amend the Prairie Farm Assistance Act. Full-time employees of the Prairie Farm Assistance Act Administration now have the same pension benefits as those persons engaged in the Public Service of Canada.

NORAD AIRBORNE WARNING SYSTEM

Question No. 2,428—**Mr. Yewchuk:**

Is the government considering a Canadian role in an airborne warning and control system under NORAD control?

Mr. D. W. Groos (Parliamentary Secretary to the Minister of National Defence): Not at the present time.

REVENUES FROM METERED MAIL

Question No. 2,441—**Mr. Robinson:**

What revenue does the Post Office Department receive from the use of meters for metered mail?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): In so far as the Post Office Department is concerned: For the fiscal year ending March 31, 1969: $167,066,351.03.

PROVINCIAL REPRESENTATION ON C.M.H.C. BOARD

Question No. 2,445—**Mr. Fortin:**

1. Does the government intend to appoint representatives from the various provincial housing corporations to serve on the Board of Directors of the Central Mortgage and Housing Corporation, with a view to better co-ordination of housing programs in Canada?

2. Has the government already received representations in this regard?

Hon. Robert K. Andras (Minister without Portfolio): 1. and 2. The Board of Directors of Central Mortgage and Housing Corporation consists of the President, a Vice-President and eight other members, three of whom are to be selected from the public service of Canada and five of whom to be selected from outside the public service of Canada. The Central Mortgage and Housing Corporation Act provides that no person appointed outside the public service of Canada shall be eligible to hold office as a member of the Board of Directors who is employed in any capacity in the public service of any province of Canada.

[Mr. Groos.]

QUESTION PASSED AS ORDER FOR RETURN

AGRICULTURE—COST OF INFORMATION SERVICE AND PUBLICATIONS

Question No. 2,313—**Mr. Robinson:**

1. Does the Department of Agriculture provide an information service and, if so, what was the cost for each of the years 1960-68 inclusive?

2. How many publications and/or periodicals and/or information sheets and/or public releases were provided by the Department for each of the years 1960-68 inclusive, and what was the cost for each publication for each of the years 1960-68 inclusive?

3. How many copies of each publication are provided and to whom are they distributed and how is the distribution effected?

Return tabled.

MOTIONS FOR PAPERS

[*Translation*]

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): Mr. Speaker, notices of motions Nos. 149, 160, 161, 163, 168 and 187 are acceptable to the government.

[*English*]

BARBER FARM MACHINERY REPORT

Motion No. 149—**Mr. Schreyer:**

That an Order of the House do issue for a copy of the report on farm machinery prepared by Dr. Barber referred to by the Minister of Agriculture in *Hansard* of April 1, 1969, page 7370.

Motion agreed to.

PUBLIC WORKS POLLUTION STANDARDS

Motion No. 160—**Mr. Harding:**

That an Order of the House do issue for copies of all standards on pollution established by the Department of Public Works.

Motion agreed to.

AGRICULTURE POLLUTION STANDARDS

Motion No. 161—**Mr. Harding:**

That an Order of the House do issue for copies of all standards on pollution established by the Department of Agriculture.

Motion agreed to.

HEALTH AND WELFARE POLLUTION STANDARDS

Motion No. 163—**Mr. Harding:**

That an Order of the House do issue for copies of all standards on pollution established by the Department of National Health and Welfare.

Motion agreed to.

CORRESPONDENCE ABOUT EFFICACY OF DRUGS

Motion No. 168—**Mr. Douglas (Nanaimo-Cowichan-The Islands):**

That an Order of the House do issue for copies of the correspondence, memoranda etc., between the Food and Drug Directorate of the Department of National Health and Welfare and the United States Food and Drug Administration regarding the efficacy of the drugs referred to by the Minister of National Health and Welfare on April 30, 1969, in *Hansard*, page 8170.

Motion agreed to.

CONSTRUCTION INDUSTRY INFORMATION SYSTEM

Motion No. 187—**Mr. Gilbert:**

That an Order of the House do issue for a copy of the consultant survey on a comprehensive information system for the construction industry as reported in the Annual Report of the Department of Industry, April 1, 1967-March 31, 1968, on page 44.

Motion agreed to.

[*Translation*]

Mr. Forest: Mr. Speaker, notice of motion No. 130 is acceptable to the government, subject to the usual reservations concerning privileged papers and authorization of the government authorities concerned.

[*English*]

Mr. Speaker: Subject to the reservations and conditions expressed by the parliamentary secretary, is it the pleasure of the house that notice of motion No. 130 be deemed to have been adopted?

Some hon. Members: Agreed.

Motions for Papers

DISSOLUTION OF ATLANTIC DEVELOPMENT BOARD

Motion No. 130—**Mr. MacDonald (Egmont):**

That an Order of the House do issue for a copy of all correspondence from April 1, 1968, with regard to the dissolution of the Atlantic Development Board and all the correspondence from January 1, 1969, with regard to the formation of the Atlantic Development Council.

Motion agreed to.

[*Translation*]

Mr. Forest: Mr. Speaker, would you kindly call notices of motions Nos. 90, 117, 137, 142, 144, 145, 151, 154, 155, 156, 157, 165, 171, 174, 184, 188, 195 and 196?

I ask, Mr. Speaker, that the remaining notices of motions be allowed to stand.

[*English*]

OIL PIPE LINE TO MONTREAL

Motion No. 90—**Mr. Thomson:**

That an Order of the House do issue for a copy of a report prepared by the Department of Industry regarding the economic feasibility of an oil pipe line from Western Canada to the Montreal area.

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): Mr. Speaker, I am informed by the Minister of Industry that internal working papers have been prepared from time to time on various oil policy questions. These papers are privileged matter and cannot therefore be tabled. In view of this, the Minister of Industry hopes the hon. member will withdraw his motion.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on behalf of the hon. member for Battleford-Kindersley (Mr. Thomson), and in his absence, may I say that he wishes this motion to be transferred for debate.

Mr. Speaker: Is it agreed that it be transferred for debate?

Some hon. Members: Agreed.

Transferred for Debate under Standing Order 48.

SENATE COMMITTEE ON SCIENCE POLICY—SUBMISSION APRIL 30, 1969

Motion No. 117—**Mr. Orlikow:**

That an Order of the House do issue for a copy of the International Agreements referred to by the Department of Industry, Trade and Commerce,

in their submission to the Senate Special Committee on Science Policy, April 30, 1969, Appendix "D", Pages 34 to 36 inclusive, of that Department's submission.

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): Mr. Speaker, the Minister of Industry, Trade and Commerce wishes to inform the hon. member for Winnipeg North (Mr. Orlikow) that the status of the 13 documents or groups of documents referred to within this motion is as follows:

Six are classified either at the request of the foreign governments concerned or because of their content are considered to be privileged and it would not be in the public interest to release these.

One further agreement has not yet been signed and cannot be considered for tabling.

Another agreement is one in which Canada did not participate in and copies are not available.

On one further agreement, it is felt by the minister that consent should be secured from the foreign government concerned. Tabling of this particular agreement is therefore conditional upon such consent.

If the hon. member is willing to accept these limitations and withdraw his motion, the minister is prepared to table the four remaining agreements plus the fifth one which is conditional, as I have indicated.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, instead of having the motion withdrawn may I ask that it be passed, with the limitations indicated by the parliamentary secretary, subject of course to the right of the hon. member for Winnipeg North (Mr. Orlikow) to bring forward another motion at some other time. If that is acceptable I am prepared to agree, on behalf of the hon. member, to the limitations proposed.

Mr. Forest: That is acceptable, Mr. Speaker.

Mr. Speaker: Subject to the reservations and conditions just expressed by the parliamentary secretary, is it the pleasure of the house that Notice of Motion No. 117 be deemed to have been adopted?

Some hon. Members: Agreed.

Motion agreed to.

[Mr. Orlikow.]

CANADA-B.C. CORRESPONDENCE ON SHUSWAP DIVERSION

Motion No. 137—**Mr. Rose:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all information, studies, correspondence and other documents exchanged between the Government of Canada and the Government of British Columbia, related to the proposed Shuswap River diversion project, dated since January 1, 1969.

Mr. R. J. Orange (Parliamentary Secretary to the Minister of Energy, Mines and Resources): Mr. Speaker, officers of the Department of Energy, Mines and Resources are engaged in negotiations with their counterparts in the British Columbia Department of Lands, Forests and Water Resources towards the completion of an agreement which would cover a broad range of joint studies of the Okanagan River Basin, including examination of the possibility of diversion of water from the Shuswap River to the Okanagan River Basin. Documents exchanged between the respective departments in relation to this matter thus should remain confidential until after execution of the agreement. I hope therefore that the hon. member will agree to withdrawing his motion.

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, I am extremely disappointed with the government's reaction to the question of the possibility of diversion of water from the Shuswap River—

Mr. Speaker: Order, please. I trust the hon. member will not become involved in a debate. We are dealing with these notices of motions and by virtue of the standing orders the hon. member has the right only to say whether he wishes the motion to be transferred for debate.

Mr. Rose: Thank you, Mr. Speaker. I should like to post this notice of motion for the production of papers for debate at the earliest opportunity.

Mr. Speaker: Transferred for debate pursuant to standing order 48.

CORRESPONDENCE RESPECTING THE "MAVERICK"

Motion No. 145—**Mr. Saltsman:**

That an Order of the House do issue for copies of all correspondence between the Ford Motor Company of Canada and the Government of Canada regarding the price situation of the new car 'Maverick'.

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): Mr. Speaker, the Government of Canada has not exchanged any correspondence with the Ford Motor Company of Canada regarding the price situation of the new car "Maverick". I would therefore ask the hon. member to withdraw his motion.

Mr. Stanley Knowles (Winnipeg North Centre): I speak on behalf of the hon. member for Waterloo (Mr. Saltsman), Mr. Speaker. If there is no correspondence I suppose it is useless asking for it by way of motion.

Motion withdrawn and order discharged.

CAPABILITY IN DEVELOPMENT OF SATELLITE COMMUNICATIONS

Motion No. 151—**Mr. Schreyer:**

That an Order of the House do issue for a copy of the Report by the Department of Industry, Trade and Commerce, entitled "Canadian Industrial Capability for the Development of Domestic Satellite Communications Systems", prepared for the Task Force on Satellites of the Science Secretariat and referred to in the Department's submission to the Senate Special Committee on Science Policy, Appendix V.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wonder if this motion could now be put in my name. If so, I should like to move it.

Mr. Speaker: It will require an order of the house to have this motion placed in the name of the hon. member for Winnipeg North Centre. Is this agreed?

Some hon. Members: Agreed.

Mr. Speaker: It is therefore moved by the hon. member for Winnipeg North Centre.

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): Mr. Speaker, the Minister of Industry, Trade and Commerce is not able to accept this motion. The report which the hon. member for Selkirk refers to contains confidential information on industrial firms, the disclosure of which could be detrimental to their competitive positions. The Minister of Industry, Trade and Commerce would ask that the member withdraw his motion.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I should like to have permission to have this matter transferred for debate.

Mr. Speaker: Is it agreed that it shall be transferred for debate pursuant to standing order 48?

Some hon. Members: Agreed.

Transferred for debate under standing order 48.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, while we are at that page of the order paper, I wonder if notice of motion 149 could also have my name substituted for that of the former member for Selkirk, who has gone to greener pastures?

Mr. Speaker: Is it so agreed?

Some hon. Members: Agreed.

Mr. Speaker: No. 154.

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, it had been our hope to speak to the hon. member for Oshawa-Whitby (Mr. Broadbent) who is not in the house today. I wonder if the motions in his name which are to be called could be withstood for today's sitting?

Mr. Speaker: Is it so agreed?

Some hon. Members: Agreed.

ENERGY, MINES AND RESOURCES POLLUTION STANDARDS

Motion No. 165—**Mr. Harding:**

That an Order of the House do issue for copies of all standards on pollution established by the Department of Energy, Mines and Resources.

Mr. R. J. Orange (Parliamentary Secretary to the Minister of Energy, Mines and Resources): Mr. Speaker, no standards on pollution have been established by the Department of Energy, Mines and Resources. Under the circumstances I would ask the hon. member to withdraw the motion.

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I should like to have permission to have this matter transferred for debate.

Mr. Speaker: Is it agreed that it shall be transferred for debate pursuant to Standing Order 48?

Some hon. Members: Agreed.

Transferred for debate under standing order 48.

Motions for Papers

INTERLAKE FRED AGREEMENT

Motion No. 184—**Mr. Schreyer:**

That an Order of the House do issue for a copy of the results of the working group reviewing the programs under the Federal-Provincial Interlake FRED agreement, referred to in the News Release of the Department of Regional Economic Expansion of May 21, 1969, page 3.

Mr. Speaker: The motion before the house, No. 184, was originally placed in the name of the hon. member for Selkirk and by order of this house it now stands in the name of the hon. member for Winnipeg North Centre.

Mr. Russell C. Honey (Parliamentary Secretary to the Minister of Regional Economic Expansion): I can dispose of this now. The notice of motion requests the results of the working group. This was an intergovernmental group which was working on this matter and their report is intended for the information of the governments, provincial and federal. In those circumstances I ask that the hon. member withdraw his motion.

Mr. Stanley Knowles (Winnipeg North Centre): In view of the fact this was referred to in a news release, I think we should have a vote on it now or transfer it for debate. I am willing to have a vote on it right now.

Mr. Speaker: Is it agreed that it shall be transferred for debate pursuant to Standing Order 48?

Some hon. Members: Agreed.

Transferred for debate under standing order 48.

TEXTILES STUDY

Motion No. 188—**Mr. Gilbert:**

That an Order of the House do issue for a copy of the study on textiles as reported in the Annual Report of the Department of Industry, April 1, 1967-March 31, 1968, on pages 51-52.

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): Mr. Speaker, the Minister of Industry, Trade and Commerce cannot accept this motion as the study in question is confidential to the industries and cannot be released. The Minister of Industry, Trade and Commerce would ask that the member withdraw his motion.

Mr. John Gilbert (Broadview): Mr. Speaker, I should like to have permission to have this matter transferred for debate.

Mr. Speaker: Is it agreed that it shall be transferred for debate pursuant to Standing Order 48?

Some hon. Members: Agreed.

[Mr. Speaker.]

Transferred for debate under standing order 48.

REPORTS RESPECTING CAMBODIA, LAOS AND VIET NAM

Motion No. 195—**Mr. MacDonald (Egmont):**

That an Order of the House do issue for a copy of all reports received from the International Commissions on which Canada has representation in Cambodia, Laos and Vietnam, since July 1, 1965.

Mr. Jean-Pierre Goyer (Parliamentary Secretary to the Secretary of State for External Affairs): Mr. Speaker, reports from the International Control Commissions, when made, are addressed to the co-chairmen of the Geneva Conferences of 1954 and 1962, that is, the Foreign Ministers of Britain and the U.S.S.R. Some of these have not been made public by the co-chairmen and cannot therefore be made available to the house. The government however can table the twelfth and thirteenth interim reports of the Cambodia Commission which are the latest submitted, as well as the two Laos Commission messages concerning violations of the Declaration on the Neutrality of Laos and its Protocol by the Democratic Republic of Viet Nam (North Viet Nam). Both the Laos and Viet Nam Commissions have addressed various other messages to the co-chairmen since July 1, 1965, but these have not yet been published. They have not submitted any interim reports since that date. Subject to these qualifications the motion is acceptable and the documents can be tabled forthwith.

Mr. David MacDonald (Egmont): Mr. Speaker, as a starter I will accept the small offerings the Parliamentary Secretary puts forward today but I assure him I have not concluded my search in this regard.

Mr. Speaker: Subject to the conditions and reservations outlined by the Parliamentary Secretary is it the pleasure of the house that Notion of Motion No. 195 is deemed to have been adopted?

Some hon. Members: Agreed.

Motion agreed to.

CANADA-U.S. CORRESPONDENCE ON BALLISTIC MISSILES

Motion No. 196—**Mr. MacDonald (Egmont):**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all information, studies, correspondence and other documents exchanged by

the Government of Canada and the Government of the United States of America related to proposed anti-ballistic missile systems.

Mr. Jean-Pierre Goyer (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, there have been, from time to time, discussions and exchanges of information between the United States and Canada concerning the United States decision to deploy an anti-ballistic missile system.

As the house has been informed on several occasions, these exchanges have not involved any commitment on the part of the Canadian government with respect to participation in the proposed A.B.M. system. The exchanges between Canada and the U.S.A. have been of a confidential nature and, owing to the national security considerations involved, it is necessary to preserve their confidential nature. I would therefore regretfully ask the hon. member to withdraw his motion for the production of papers.

Mr. David MacDonald (Egmont): Mr. Speaker, I think it is absolutely astounding that the people of the nation cannot know the position of the government on such a vital issue. Therefore I would ask that the motion be transferred for debate.

Mr. Speaker: Transferred for debate pursuant to Standing Order 48.

Transferred for debate under standing order 48.

Mr. Speaker: Shall the remaining notices of motion stand?

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in view of the fact that we have changed the name on a few notices of motions for the production of papers, could we also have this done with respect to question No. 1,945, which is on page 67 of today's order paper? It is there in the name of Mr. Schreyer. I would be glad if my name were substituted for his.

Mr. Speaker: Is it so ordered?

Some hon. Members: Agreed.

ORAL QUESTION PERIOD

DOMINION-PROVINCIAL CONFERENCE

SUGGESTION THAT PART OF PROCEEDINGS BE HELD IN PUBLIC AND FINAL COMMUNIQUÉ ISSUED

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I welcome the chance to address a question to the Minister of Public Works as Acting Prime Minister and look forward to great progress being made under his more flexible leadership. Will the hon. gentleman discuss with the Prime Minister and his colleagues the suggestion that at least part of the proceedings of the Federal-Provincial Constitutional Conference be held in public in order that the people of Canada may have some idea of the proposals which are being put forward? I ask this question, Mr. Speaker, because there is such a large degree of interest on the part of the public, and this should not be an esoteric exercise in dialectics restricted to the elite.

Hon. Arthur Laing (Minister of Public Works): Mr. Speaker, I shall draw the observations of the hon. member to the attention of the Prime Minister, but I do want to tell the house that a number of ministers have to attend the conference and it might be appropriate now if I advised members of the house that the Minister of Finance will not be here this afternoon to hear all of the debate on his budget. I think it is more appropriate that I advise the house of this rather than he.

Mr. Baldwin: As a supplementary question, Mr. Speaker, I ask the hon. gentleman to seek assurance from the Prime Minister that after the conference is over there will be at least a full and unabridged statement made, and not just a few calculated leaks to the few press favourites who are still retained by the government?

Mr. Speaker: Order, please.

Mr. R. Gordon Fairweather (Fundy-Royal): Mr. Speaker, I wish to direct an urgent supplementary question to the Acting Prime Minister. Are the security arrangements for the constitutional conference considered adequate? Are the security forces, deployed at either end of the tunnel leading from the Chateau Laurier to the old station, able to ensure that provincial parliamentarians are not subjected to unseemly harassment by a crummy press?

FINANCE

REQUEST THAT CHARTERED BANKS DELAY RAISING PRIME LENDING RATE

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a question to the Minister of Finance. In view of the announcement by the Bank of Canada that it has raised its lending rate to 7½ per cent, and the likelihood that the chartered

banks may now increase their prime lending rate proportionately, I want to ask the minister if he would consider trying to persuade the banks not to raise their prime lending rate until he meets with them at the projected meeting next week, and following that meeting will the minister report back to parliament the results of his discussions?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, as I indicated yesterday, due to the action in the United States whereby the prime rate of banks was increased to 8½ per cent, it became obvious that the prime rates of the chartered banks of Canada would require some adjustment. Four of the chartered banks, the Royal, Montreal, Nova Scotia and Banque Canadienne Nationale, have announced prime rate increases to 8 per cent effective, I understand, on June 16. There was a report this morning that the Bank of Nova Scotia is moving its C.D. rate up ¼ per cent, but this has not been confirmed. It is also reported that the Bank of Montreal has increased, effective June 1, its rates on savings on non-chequable accounts from 5½ per cent to 6 per cent and chequable savings accounts from 3 per cent to 3½ per cent.

REQUEST THAT STANDING COMMITTEE STUDY ADVISABILITY OF REGULATORY BODY

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, in view of the statement the minister has just made and in view of the huge profits the banks have made since the ceiling was taken off interest rates, would the minister consider referring back again to an appropriate committee of the house the Bank Act with a view to considering the advisability of having some regulatory body, either the Bank of Canada or the Minister of Finance, to whom the chartered banks must apply before raising the prime rate.

Hon. E. J. Benson (Minister of Finance): Of course as with all suggestions of the hon. member, I would be pleased to consider this matter. However I do not think, had we been operating presently under the old ceiling, that the banking system and the credit system in Canada would be any better than it is today. As I indicated, the moves the banks have made I felt were essential. I indicated this in the house yesterday. Certainly I welcome the move of the Bank of Montreal to increase by a similar amount the amount it is paying to its customers on funds which are deposited with the bank.

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

[*Translation*]

CONSULTATIONS BEFORE INCREASE IN PRIME RATE

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I have a supplementary question for the Minister of Finance.

Was the latest increase in the interest rate by the Bank of Canada decided upon unilaterally by the Governor of the Bank of Canada or did the latter consult with the Minister of Finance before making such a decision?

[*English*]

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, the decisions concerning the rediscount rate, which is not a lending rate, of the Bank of Canada of course is the responsibility of the Governor of the bank. He made this decision, fulfilling the obligation he has to the Canadian people. There is of course constant consultation between the Governor of the Bank of Canada and the Minister of Finance.

ADMINISTRATION OF JUSTICE

HAL BANKS—POSSIBILITY OF RENEWING EXTRADITION PROCEEDINGS

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, can the acting Secretary of State for External Affairs bring the house up to date on the results of the conversations held during the past month between the Secretary of State for External Affairs and the Secretary of State of the United States regarding the extradition of Mr. Hal Banks.

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, some weeks ago the State Department of the United States was asked whether it would be possible under United States law to contemplate now the extradition to Canada of Hal Banks. The reply given was that this is a very complex legal question under United States law and that some time will be required to look into it. The process of looking into the matter is continuing now.

Mr. Hees: Did the United States State Department give any indication when this inquiry might be terminated?

Mr. Drury: No, but they are continuing to look into it.

INQUIRY OF THE MINISTRY

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Acting Prime Minister. Is it government policy to approve the rather unseemly spectacle of the Secretary of

State for External Affairs eagerly chasing after junior Chinese diplomats in Stockholm and offering to make himself available at any hour, sort of like Mae West—

Mr. Speaker: Order, please.

BROADCASTING

ALLEGED PORTRAYAL OF INDIANS AS SAVAGES

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I should like to direct my question to the Secretary of State. In view of the fact that all Canadian citizens should be considered as equals, would he consider bringing in legislation restricting the use of movies, TV or advertising that portray the Indians of North America as savages or some inferior type of human beings?

Mr. Speaker: Order, please. I should think this question might be placed on the order paper.

Mr. Yewchuk: Ten o'clock.

VETERANS AFFAIRS

D-DAY CEREMONY—READING OF SPEECH PREPARED BY DEPARTMENT OF EXTERNAL AFFAIRS

Hon. D. S. Harkness (Calgary Centre): Mr. Speaker, I should like to ask again the question I directed yesterday to the Acting Secretary of State for External Affairs. At that time I was told there were no questions of this nature being answered. My question was:

> At the D-Day ceremonies in Normandy on June 6 did the Canadian Ambassador read a speech which had been sent to him by the Department of External Affairs? Did the minister see this speech and approve of it?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, the answer is yes, the speech was prepared by the Department of External Affairs in collaboration with the Department of Veterans Affairs and sent to the Ambassador for delivery. However this speech was not seen either by the Secretary of State for External Affairs or the Minister of Veterans Affairs.

D-DAY CEREMONY—INACCURACIES IN SPEECH DELIVERED BY CANADIAN AMBASSADOR—ABSENCE OF MINISTERS

Hon. D. S. Harkness (Calgary Centre): Mr. Speaker, did this speech contain a statement along the line that the D-Day army had consisted of five divisions comprised equally of American, British and French troops, a manifestly incorrect statement?

Inquiries of the Ministry

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I have a copy of the speech which I will be glad to send over to the hon. member in order that he can check it for himself.

Mr. Harkness: Mr. Speaker, did the French government request that no member of the Canadian cabinet be present at this ceremony and did the Canadian government agree to this without protest?

Mr. Drury: Mr. Speaker, I think the Secretary of State for External Affairs has dealt with this question already, when he indicated that the government of France did describe its views as to the type of ceremony which should take place on French soil. Quite naturally the Canadian government was inclined to respect these views.

EXTERNAL AFFAIRS

INVOLVEMENT OF GREEK EMBASSY IN TERRORIZING COMMUNITY

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to ask the parliamentary secretary to the Secretary of State for External Affairs whether the department has received a letter from one Nicholas Skoulas, protesting the involvement of the Greek embassy in a pro-junta group that has been allegedly terrorizing members of the Greek community in Canada?

Mr. Speaker: Order, please. The question as asked is not in order. The member may wish to consider the matter at the time of adjournment, if there is urgency—which is not apparent as far as the Chair is concerned.

WATER RESOURCES

PLACENTIA BAY, NFLD.—REVISED COMPENSATION TO FISHERMEN FOR LOSS THROUGH POLLUTION

Mr. Walter C. Carter (St. John's West): Mr. Speaker, I should like to ask the Minister of Fisheries and Forestry whether it is his intention during his planned visit to Newfoundland this weekend to announce a revised plan of compensation for Placentia Bay fishermen who have lost their livelihood as a result of pollution?

Hon. Jack Davis (Minister of Fisheries and Forestry): Mr. Speaker, no revisions will be announced, but together with the committee of fishermen we will explore the application of the present formula.

Inquiries of the Ministry

EXTERNAL AID

BIAFRA—SHOOTING DOWN OF SWEDISH RED CROSS AIRCRAFT

Mr. Ralph Stewart (Cochrane): Mr. Speaker, I should like to redirect a question I asked yesterday of the Acting Secretary of State for External Affairs, in respect of which an answer was promised today. The question was as follows:

Is it the intention of the Canadian government to lodge a protest with the Lagos government regarding the death of four aircrew resulting from the shooting down of a Swedish Red Cross plane carrying relief goods into Biafra, and is it the intention of the government to ask the Nigerians to ensure that this does not occur again, in consideration of the many Canadians, as well as other nationals, who are engaged in that humanitarian work?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, the statement issued by the Nigerian government on this unfortunate occurrence indicated that they were increasing their air defence measures because of recent air attacks attributed to foreign mercenaries employed by the rebel regime. The Nigerian authorities have asserted that the rebels had taken advantage of the relaxed air defence, not only to bring in arms supplies and aircraft but to employ these aircraft for attacks on federally held areas during the periods when relief flights were going on. Unless the regime of Colonel Ojukwu agrees to allow daylight flights into Uli by relief aircraft, the possibility of confusion and interference with the humanitarian flights will continue to exist. In these circumstances it does not appear appropriate to make a protest to Lagos.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, could the acting minister say whether, in light of the incident to which the hon. member for Cochrane has referred and the apparent discontinuance of mercy flights by the International Red Cross, the government would reconsider its policy of assisting the Red Cross, and also consider giving assistance to joint church aid which is continuing mercy flights into Biafra?

Mr. Drury: I think the house is aware that the government of Canada is eager to see relief assistance afforded on as great a scale or measure as practicable. If it is possible to increase the flying in of relief supplies, the government of Canada would be prepared to take every step to assist.

Mr. Brewin: In light of what the minister has said, will consideration be given to the suggestion that we assist the joint church aid organization which is flying mercy flights into Biafra?

Mr. Drury: Yes, Mr. Speaker, consideration will be given to this.

Mr. MacDonald (Egmont): Mr. Speaker, I wonder whether the minister or the officials of the Department of External Affairs have determined that the shooting down of the Red Cross aircraft was a violation of the Geneva convention?

Mr. Drury: Mr. Speaker, as this incident took place at night, when I assume it was rather difficult to distinguish markings on aircraft, and there is no formal filing of flight plans for relief aircraft, it would be quite difficult to determine the facts of the particular situation. However, inquiries will be made.

BIAFRA—TRANSPORT OF MILITARY EQUIPMENT IN RELIEF FLIGHTS

Mr. David MacDonald (Egmont): Mr. Speaker, I wonder whether the acting minister would indicate that our government has any knowledge that properly designated relief flights either operated by the Red Cross, Canada relief or joint church aid, from the states, have been found or suspected of transporting military equipment?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I cannot answer that either negatively or affirmatively. To my personal knowledge there has been no such ascertainment. As is perhaps known, the Canadian government or its representatives do not attempt to monitor or in any way search the contents of these aircraft.

CRIMINAL CODE

AMENDMENT RESPECTING OPERATION OF OFF-TRACK BETTING ESTABLISHMENTS

Mr. Eldon M. Woolliams (Calgary Centre): Mr. Speaker, I should like to ask the President of the Privy Council whether it is the intention of the government now to delay the amendment to the Criminal Code in reference to off-track betting?

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, not knowing the progress of the bill before the standing committee I am not in a position to answer today. I will have to consult with my colleagues to find out what the prospects are for an early return of the bill to the house.

CONSUMER AFFAIRS

KENNEDY ROUND—PASSING ON OF LOWER PRICES TO CONSUMERS

Mr. John Gilbert (Broadview): Mr. Speaker, will the Minister of Consumer and Corporate Affairs make a statement on motions advising members of the house what machinery his department intends to set up to ensure that Canadian consumers will obtain the full benefits of the tariff reductions set forth in the budget, as promised by the minister on June 5?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I indicated in the house the other day that I was having discussions with my officials. These discussions are continuing and I hope to have something more to say later in this regard.

CANADIAN NATIONAL RAILWAYS

LENNOX COUNTY, ONT.—PROTECTION OF RIGHTS OF FARMERS IN EXPROPRIATION PROCEEDINGS

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, I gave the Minister of Transport notice of this question. Will the economic and human rights of certain farmers in Lennox County, whose land is about to be expropriated by the Canadian National Railways for railway industrial purposes, be protected and defended by his department?

Mr. Speaker: This question is of the type which seems to me can adequately be considered at the time of adjournment.

Mr. Alkenbrack: I ask that it be considered then, at ten o'clock, Mr. Speaker.

AIR TRANSPORT

NEWFOUNDLAND—EASTERN PROVINCIAL AIRWAYS SERVICE TO DEER LAKE

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I have a question for the Minister of Transport. Is he aware that the discontinuance of the E.P.A. jet service into Deer Lake, Newfoundland, has caused deterioration of the air service for western Newfoundland and Labrador, with serious effects on communications, goods and services; and will he investigate and direct the necessary action to reinstate the service?

Mr. Speaker: Order, please. The hon. member has made a submission which he has to assume the minister has noted.

INQUIRY OF THE MINISTRY

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, my question is for the Minister of Finance. Does the minister intend to expose senior civil servants in his department to the difficulties and frustrations of the marketplace, as suggested by the hon. member for Trinity (Mr. Hellyer)?

Mr. Speaker: Order, please. The question is rather mysterious, as far as the Chair is concerned. Perhaps it might be considered in the hour of mystery some time after ten o'clock.

SPORTS

TASK FORCE INQUIRY—INTRODUCTION OF LEGISLATION BASED THEREON

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I should like to address a question to the Minister of National Health and Welfare. Is the minister planning to introduce before the end of this session legislation based upon the report of the task force on amateur sports; and if not, when does he plan to do so?

Hon. John C. Munro (Minister of National Health and Welfare): If there is such legislation, Mr. Speaker, it certainly will not be ready before the end of this session.

Mr. Hees: A supplementary question, Mr. Speaker. Do I take it that the minister has no plans for introducing such legislation?

Mr. Speaker: Order, please. The hon. member for Charlevoix (Mr. Asselin).

Mr. Hees: No information, no report; and this is the just society!

Mr. Munro: We have already implemented half of the recommendations.

[*Translation*]

AIRPORTS

STE. SCHOLASTIQUE—APPEARANCE OF FEDERAL OFFICIALS BEFORE PROVINCIAL COMMITTEE

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I have a question for the Minister of Regional Economic Expansion.

In view of the fact that the provincial government of Quebec has established a special committee to hear evidence from various public bodies in regard to the location of the Ste. Scholastique airport, does the minister intend to have government officials appear before that provincial parliamentary committee to enable them to give some explanations

on the decision taken by the federal government?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, this decision was taken by the cabinet, and Montreal airport is under the jurisdiction of the Department of Transport.

[*English*]

TRANSPORT AND COMMUNICATIONS

INQUIRY AS TO MOTION FOR CONCURRENCE IN FIFTH REPORT

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to direct a question to the government house leader. In view of the fact that the Standing Committee on Transport and Communications will be meeting this afternoon to consider its final recommendations to the house, after its study of transportation problems in the Atlantic provinces, will the government house leader, in order to be consistent, bring forward government order No. 68, which is the fifth report of that standing committee, in order that this matter may be brought to resolution?

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, it is regrettable to see an old friend departing, but this is the last time the hon. member will have the opportunity to ask the question and I regret that in view of the timetable I have to say no.

• (2:50 p.m.)

GOVERNMENT ORDERS

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, June 10, consideration of the motion of Hon. E. J. Benson (Minister of Finance) that this house approves in general the budgetary policy of the government, and the amendment thereto of Mr. Lambert (Edmonton West) (p. 9880).

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, I started last night to make a few remarks on the budget of the Minister of Finance (Mr. Benson). This budget is certainly not an innovation, but rather a repetition of the Canadian economic adventure we have been living for a hundred years, that is: an increase in expenditures, the impossibility to reduce taxes and the necessity of increasing production.

In other words, it is the same old story that is being repeated, while 68 per cent of the workers earn less than $4,000 a year.

Last night, an amendment to an amendment was brought before the house with a view to drawing attention to people earning $4,000 or less a year, and that matter does not seem to have been dealt with seriously. That is why I wish to come back to it.

We are facing two problems. There are in Canada two classes of people who can keep pace neither with prosperity nor with the rise in the cost of living. They are the 470,000 unemployed and the 4 million workers earning less than $4,000 a year.

There is another category to which I particularly want to draw the attention of hon. members; it is the mass of young workers, 18 to 27 years old, who come on the labour market for some time, or who are unemployed.

About two weeks ago, a convention called "Carrefour 69" was held in Montreal. On that occasion, thousands of young people met, not revolutionaries or protesters, but young people who were asking themselves whether it is possible to have a place in society without depriving the neighbour of his. They were asking themselves whether it is possible for them to have a family and to earn a living as everybody else, and so on.

Mr. Speaker, during the whole week-end, I heard, while attending that meeting, extremely convincing comments about the present economic situation and the efficiency of the present economic system. During that convention "Carrefour 69", I was struck by many things, namely a closed circuit television program during which young people were interviewed. Each time they were asked: What are you doing at "Carrefour 69"? What is your problem? What is your name?

To the question "What is your problem" many just showed their wallet containing an identity card, an unemployment insurance card as well as a driving licence. That is all we have, said those youngsters, and our problem is that we can only have in our wallet that famous unemployment insurance card.

Those young people are 22, 23, 24 or 25 years old. They want to work. They are ready to work and to do something for their country, their province, their municipality, for themselves, but we are not organized economically, not only at the national but also at the provincial levels, to put to use those prodigious skills which are lost.

Nearly 5,000 young people attended "Carrefour 69" and more than 90 per cent of them carried an unemployment insurance card in their pockets. Those are our children, our youth, the best labour force we could find, in good health, full of good will and ready to work. However, governments are unable to give them that opportunity.

Mr. Speaker, invitations had been sent out to Ottawa and Quebec ministers who are particularly concerned with this problem, and who are supposed, on account of their activities in the parliamentary, legislative and ministerial fields, to be interested in such matters. Those ministers did not even acknowledge the invitations to "Carrefour 69" sent out by over 10,000 young people.

It is a shame. Do you know how many hon. members were present? All were invited and there was only one. I, your humble servant, was there and I do not boast about it. I felt almost ashamed to be there alone, I felt like a lost soul among those young people eager to work but who have nobody to listen to them. Tomorrow, if they send a brief to Quebec or Ottawa, this will be the reply: We thank you for your very good brief. It is very well documented, some of your ideas are excellent but, dear young people, future voters, you will realize the situation. In fact, the good old politicians want to pat them on the back because they want their votes, but they tell them: Keep quiet, we are looking for solutions, we have tremendous plans, we have instituted a study committee on the stabilization of prices. We are in the process of reviewing the policy concerning unemployment insurance and manpower centres. Just keep quiet. Do not upset anything, do not break anything. Stay at home, remain unemployed and spend your unemployment insurance cheque. When you have nothing left, go to the welfare office and you will be given a third card. This is quite a step forward for a young 23-year-old individual. He goes to the welfare office and says: I have used up all my unemployment insurance stamps. Could I have a welfare card?

Mr. Speaker, many of the young people who attended "Carrefour 69" had only two cards in their pockets to identify themselves: the unemployment insurance card and the welfare card. They have no driving license as they cannot afford it. They cannot afford a car either.

Mr. Speaker, we would like those young people, who will make up the society of tomorrow, who will be the leaders of tomorrow, who represent also our best manpower, as they are healthy and want to work, to stay home and say: Canada is tremendous, Quebec is tremendous, the Liberal party is tremendous! We do not change anything.

Mr. Speaker, if we do not give work to those young people today—I do not necessarily mean bread and butter on their table—we shall wake up tomorrow face to face with a society that will be out of control. However, our economic system is organized in such a way that economic blood does not circulate through it. Indeed, money does not circulate or does only for the stronger and the wealthier people, so that production cannot be disposed of on account of the people's lack of purchasing power. Thus, there is no need to renew our production stock and the unemployment rate increases.

To tolerate 470,000 unemployed people in a country as wealthy as ours is a real scandal. It is the more scandalous when we know the majority of the unemployed population is made up of young people.

Mr. Speaker, I should like to draw the attention of the hon. members to the fact that this matter should be studied seriously. We have all it takes, in Canada, to build a great country, to enable everyone to live and develop properly; but absolutely nothing is being done.

Committees are set up to study reports of other committees and, in our offices, in our libraries, there are big books which cost millions of dollars dealing with these problems but they gather dust on the shelves. That does not change anything. In the meantime, the unemployed stroll along with their hands in their pockets, with their unemployment and welfare cards. Talk about a future for those young people!

Mr. Speaker, to my mind this situation is absolutely intolerable and unacceptable; something must be done to change it. What astonishes me most in all that, which I fail to understand, is that when we introduced the non-confidence motion which read as follows:

> That, in the opinion of the house, the government has failed to take adequate measures in order to give Canadians the benefit of a policy of distribution of goods and services which would allow each citizen to obtain his share of Canadian abundance.

Instead of getting replies to our assertions, we had to put up with jokes. Hon. members found it funny that such a motion should be moved. Yesterday similar motions were moved

and again it was funny. They think everything is funny, Mr. Speaker.

When the Minister of Regional Economic Expansion (Mr. Marchand) endeavoured to reply to the hon. member for Témiscamingue (Mr. Caouette) about the motion I have just mentioned, he said that Social Credit was a doctrine that could not be implemented, that it was not sound, that it was a machine to make money, that we indulged in demagoguery because we were speaking of poverty, because we were defending the workers, the small people against the rich.

But when the minister was a labour leader—I hope he still remembers, because his attitude gives the impression that he has forgotten—he was stirring up the small guys, the workers, for his own purposes and his own interests, not those of the union members. At that time, he was using demagoguery, and he was the first one to criticize governments for their lack of action and activity.

Today, he is the Minister of Regional Economic Expansion. His department is supposed to make funds available to the people to achieve the accelerated development of some regions with a slow economic growth. The minister should be particularly interested in these questions, but he is not in the house now, and all he can do when we propose solutions is make fun of us.

On the other hand, this same minister stands up and says: We wish to accuse the opposition of not co-operating, because it does not want to study the government proposals. This same minister does not have the intellectual decency to practise what he preaches. If he wants us to study his proposals, he should at least have the decency to examine ours and to stop ridiculing them without first having examined them seriously.

Mr. Speaker, Social Credit surely represents an avant-garde doctrine. It proposes some very interesting economic and monetary measures which are neither socialistic nor necessarily capitalistic. Capitalism, at the present time, is abusive. Social Credit is a doctrine which can go well with the capitalist system; according to the Créditiste system, all human beings are equal and they all have, regardless of their age, their colour, their race, their religion, the right to live and to grow healthily and humanly.

According to the Social Credit doctrine, money should serve man, instead of man serving money.

[Mr. Fortin.]

We do not indulge in demagoguery; we do not make fun of the people or of governments. We have been elected for a specific purpose: to try to make it clear to the government that Social Credit may have good things to offer, which it might be worth while to consider seriously, and which should not be mocked, because they might offer some efficient solutions which would restore the balance of the economic and monetary system.

Mr. Speaker, it is certainly not Social Credit that created the present economic crisis and inflation, nor those we experienced in the past.

As a matter of fact, this economic system is precisely the one that causes these crises, and those who suffer from them are, of course, the Canadian citizens. That is why the Social Credit party suggests that we attack the real problem that always makes Canadians victims of these economic crises willed by financiers, because they serve their interests as wars do.

We want to put some order there. We do not claim to have all the light from the Holy Spirit as the Minister of Regional Economic Expansion said the other day, while everything on the minister's side is in the dark. If we look at the attitude taken by the members opposite, I feel that even if we do not have all the light, it is certainly not to be found on the opposite side, because they do not even bother to consider our proposals.

Mr. Speaker, I think that they should have the decency to consider our proposal when we say, for instance, that we should find a balance between production and consumption.

• (3:00 p.m.)

To me, that goes without saying. But the only thing the government has to say about this is that production should be increased.

To produce more, we must first dispose of present production. Do we have enough purchasing power for this? As a matter of fact, one cannot buy with prayers and electoral promises, as the government does, but one needs purchasing power, scriptural or other credit. If the taxpayer does not have any credit and if we keep picking his pockets, how can this production be got rid of in order that more production may be possible?

Obviously, if goods remain on the shelves, workers will not find any jobs producing more goods to replace the unsold ones.

We prefer to play into the hands of high finance. That is what happened in wartime when butter was thrown away, when a lot of

commodities were wasted while two thirds of the world were starving to death. That is what we did instead of asking ourselves if people could not consume that production through sufficient purchasing power or at least through an annual guaranteed income allowing them to dispose of it.

There would be so many things to say about this matter. As to Social credit, however, we think that we could find really interesting solutions by organizing a round table to consider such possibilities. We strongly believe in this, but we wish the Minister of Finance and his colleague would examine those solutions.

We are ready to co-operate, but not to be ridiculed. We wish our proposals were not brushed aside but studied seriously.

Mr. Speaker, we often say that we are ready to co-operate; however we would like that co-operation not to be a unilateral endeavour, but to proceed from a real sense of dialogue.

I hope that my honourable colleagues in their debates will not forget all those young workers who would be very pleased to have a job but who, at the present time, are not in a position to work or to throw themselves into a career. Then, they should not be blamed if they do not take part in our economic life. The governments do not co-operate with all those workers who would be only too pleased to help build this country, provided they were given an opportunity to do so.

Hon. Jean-Pierre Côté (Minister of National Revenue): Mr. Speaker, I would like in the first place to congratulate the Minister of Finance (Mr. Benson) who has used to the full his imagination and his intelligence to present to the Canadian people a realistic as well as a popular budget—which is surely not easy—and especially to realize a budgetary surplus, the first since 1956.

He wanted, through that budget, to control inflation by using all available resources.

To fight that inflation, the Minister of Finance has taken certain steps aimed at intensifying price competition. By grouping the three last stages of tariff reductions provided under the Kennedy round, the Minister of Finance wanted to control the increase in consumer prices.

The budget will also make it possible to allow more substantial exemptions for goods brought back by Canadians from abroad and will allow a Canadian, on a verbal statement, to bring back $5 worth of goods each time he goes through custom. Those changes were welcomed by the public in general and the Department of National Revenue, notably as far as the Customs Division is concerned, because they will facilitate and improve service at customs.

The other measures in the budget, which I have not yet mentioned, are parts of a whole which, while fighting inflation, can be related to the general policy of the Canadian government to eliminate regional disparities.

[*English*]

I should like to make a few comments about the changes in the customs tariff contained in the recent budget resolutions. Firstly, there is acceleration of the Kennedy round reductions, which has the effect of implementing, effective June 4, 1969, the rates of duty which were scheduled to take effect on January 1, 1972, except with respect to one item covering shoeboard. This created an initial flurry of requests from field offices and interested parties for confirmation and clarification. These new rates are now being applied and as they become known it is anticipated that they will not create any abnormal administrative problems.

Secondly, certain recommendations of the tariff board with respect to three references have been implemented. These are reference No. 133, dealing with machinery, apparatus, printing plates and related products for the printing and allied industries; reference No. 134, dealing with equipment for hospitals and other institutions, and reference No. 138, dealing with certain precision instruments and apparatus.

These changes will require extensive review and adjustment of our previous administrative practices. It is anticipated that many requests for explanations of these new items and for the updating of rulings will be received. Some printed directives will require revision. No unforeseen administrative difficulties are expected.

Thirdly, there are certain amendments which are in the nature of housekeeping changes. For example, certain articles are excluded from items 41525-1 and 44300-1. This will permit Canadian users of industrial sewing machines and certain cooking apparatus to benefit under the duty remission program known as the machinery program, which is administered by the Department of Industry, Trade and Commerce. Also included in this group is provision for extension of

the duty free importation of aircraft and aircraft engines of types and sizes not made in Canada. Again, while these changes will require review of past practices, together with correction and adjustment of rulings, records and administrative approaches, no special difficulties are expected.

In the customs tariff new provisions have been introduced that will be of benefit to residents of Canada when they return from visits outside the country. All of these provisions have been designed in the interest of facilitating the movement of the returning resident through customs and generally to provide a more generous, more practical and more frequent exemption privilege for Canadian travellers. For instance, on goods other than tobacco products and alcoholic beverages that accompany the traveller in his baggage upon his return after an absence of 48 hours or more, there is an exemption granted on the strength of a verbal declaration alone in an amount not to exceed $5 on any number of occasions.

Effective next January 1 the regular privileges will be on the basis of one $25 exemption, including specified amounts of tobacco products and alcoholic beverages, after an absence of 48 hours, during each calendar quarter of the year. As well, there will be an additional privilege of one $100 exemption in each calendar year after an absence of 12 days in any country outside of Canada. This includes, for the first time, the United States. This exemption will include the same quantities of tobacco products and alcoholic beverages. Beyond this, goods imported in excess of these limits up to a value of $100 will be subject to a flat or common rate of 25 per cent except in the case of tobacco products and alcoholic beverages accompanying the returning resident. This latter privilege is being made immediately available. While the benefits of the increased frequency of exemptions and the broader application of the $100 privilege will be welcomed by Canadian residents, the $5 verbal declaration and flat rate features will serve to expedite the passage of travellers through customs. Officers of my department also see these changes as a practical step in further facilitating the movement of travellers entering our country.

[*Translation*]

As for the Income Tax Division of the Department of National Revenue, it might be interesting for hon. members, at this time of the year, to know where we stand in respect of the income tax returns received so far this year.

May I first say that we have received up to June 9, 1969, 8,513,792 tax returns, which is about 400,000 more than last year. Out of this total, 6,640,113 have been assessed, and 4,779,070 refunds sent out, which means that by May 31, 1969, we had checked a million returns more than last year.

• (3:10 p.m.)

[*English*]

In as much as I am the minister responsible for collecting the revenue sought to be raised by the Income Tax Act, I would like to take this opportunity of explaining to members of the house the philosophy in the compliance aspects which I requested my deputy minister to operate within so as to ensure that all taxpayers in Canada are treated in an equitable and fair manner. It became readily apparent to me that some of the past policies by which my department was governed were not now applicable to the changing circumstances existing today.

Let it not be said that we are concerned only with ourselves and our own efficiency. I have given much thought to the need for equitable treatment among taxpayers. One area that has been explored is the collection of outstanding taxes. Each year a number of our citizens and corporations owe taxes, and admit they do, but fail to pay up when the tax is due. This imposes a burden on the country and other taxpayers and the department has been quite efficient in taking strong action on these delinquents. However, I have become concerned that taxpayers who make an attempt to question their assessments or who pay even a token amount on receipt of the notice, may be treated no differently from those who ignore us completely. These people may be subject to garnishees and writs without regard to whether there was a response from them.

Although I see no remedy other than our present practices in dealing with taxpayers who ignore our routine requests for payment, I expect that reasonable judgment will be used before issuing garnishees against taxpayers owing small amounts. But for the others, I have directed that no taxpayer who responds to an assessment notice or collection letter will be proceeded against by garnishment or writ until he has been contacted by telephone and personally interviewed or advised in writing that a satisfactory solution to the non-payment is being sought. Only if

an agreement cannot be reached will garnishees or writs be issued.

One particular policy which existed for some years was that of selective prosecutions; that is, only certain cases from the many investigated were prosecuted. Why should we proceed against one man and not against the other? This, I felt, was a most difficult policy to administer because of the difficulty of achieving uniformity of treatment. I, therefore, directed my departmental officers to administer the act on the basis of the existing facts in any case and the law applicable to those facts. This I am certain will ensure fair and equitable treatment to all taxpayers.

I might add that despite the high level of taxes, the vast majority of taxpayers are honest when filing their income tax returns. However, there is a minority in all segments of the community who are prepared to resort to dishonesty and fraud in order to escape their proper share of the income tax burden and, hence, impose upon the honest taxpayer an ever increasing share. Some people do not have their tax deducted at source and think they can decide how much tax they will pay. They file false receipts or do not disclose income.

This minority apparently regards tax evasion as a game or a sport to be played with the tax collector. I am determined that my department bring home to this minority the fact that tax evasion is not a game, that the fraud practised in connection with a source of revenue has precisely the same effect as if the evader had robbed the cashier in the income tax office. I think you will all agree that tax evasion is a despicable crime against the whole community because it takes money out of the pocket of every honest man and often out of the pockets of those who can least afford it. The courts have stated that tax evasion or the filing of false returns is a serious criminal offence and, accordingly, I would expect that the courts will impose penalties that are appropriate to the circumstances on this minority as an effective deterrent. My department's policy is to investigate every suspected fraud and in future to prosecute in very case where the evidence will support a criminal action. This policy is designed to bring home to those who would play the evasion game the consequences of their act, namely, prosecution. In this way, it is hoped that these prosecutions will act as a deterrent to others who might be contemplating tax evasion. Under this policy these people should bear in mind the consequences of their acts when they are contemplating fraud because it will be too late to plead ignorance once the crime has been detected by my department.

In the interests of justice, the department's prosecution policy must and will be based on the facts and evidence of the crime and it will not take into account the prominence, the influence or the position in the community of the taxpayers under investigation. Even if I have the ministerial discretion under the act I will not, where the facts indicate it, interfere in any way whatsoever with the decision reached by my departmental officials and I can assure you that my department will not place itself in the role of judge and jury but will leave the judgment of these offenders to the criminal courts. I consider tax fraud far too serious a matter to settle cases on an out-of-court basis. None of these cases have been settled or will be settled in my office.

However, I would like to assure the members of this house that I have requested all employees in my department, in so far as is humanly possible, to treat all taxpayers in an equitable and fair manner. At the same time, employees are to be reasonable in dealing with all taxpayers, no matter what their circumstances may be. You will realize the department can only gain and keep the respect of the tax paying public, which is essential to proper tax administration, so long as it acts in a fair but firm manner.

Along with this firm approach I wish to assure all members of the house that any member of the tax paying public who has been playing this game of tax evasion, but who comes forth to the department before the department takes any action concerning his file, can settle up his affairs with the department by paying the proper liability under the act without fear of prosecution. This has been the policy practised by the department in the past but it has not been widely known. I can assure you that if taxpayers do come forth voluntarily and pay their liability, they will not be prosecuted. It is my desire that taxpayers voluntarily comply, as this procedure costs the government less than having to seek out this minority who refuse to pay their fair share of the national burden. It is my desire and aim that the policy will always be such as to make voluntary compliance as easy as possible.

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have not taken part in a budget debate for several years. I wish to

talk about three or four matters I consider urgent. The government, through the medium of the budget or other institutions, has not taken concerted action on these matters and therefore I ask for a few minutes in which to state the issues. Since the budget was a monumental yawn, I suppose the budget debate is in danger of being considered boring. I will take my chances on that, Mr. Speaker.

• (3:20 p.m.)

Matters that come to my mind under government initiative, not only in the constituency of Fundy-Royal and in the Atlantic provinces, but in the broader perspective of all Canada, are as follows: First, available shipbuilding policy; second, measures to assist the serious condition faced by dairy farmers in this country; third, a flexible policy of availability of bank loans throughout the country and fourth, a genuine and concerted attack on the mounting problem of pollution.

With regard to the first problem, that of shipbuilding policy, it was my privilege just last Saturday to attend the christening of two supply ships for the navy at the Saint John Shipbuilding and Dry-dock Company. It was a most interesting experience of co-operation between the workmen involved and the management of the dock. I am informed that the vessels are the largest order ever placed by the government of Canada for shipbuilding in the history of this country. They were built on a fixed contract, which may be of interest to those who had anything to do with the H.M.C.S. *Bonaventure*. An equally important feature of this construction was that they were within two weeks of the timetable set out in the contract. This is a remarkable achievement of shipbuilding skill and ability. It is one that I am rather proud to say took place in constituencies co-represented, if there is such an expression, by the hon. member for Saint John-Lancaster (Mr. Bell) and myself.

During the ceremonies last Saturday, the Chairman of the shipbuilding and drydock company spoke to those present, including the New Brunswick representative in the cabinet, the Minister of Veterans Affairs (Mr. Dubé). I now wish to quote from the remarks of the Chairman:

> It is a day when we have an opportunity to see the results of many long months of effort by the men who possess the skills to build such ships, and to these men I would take this opportunity to pay special tribute. These skills are a tradition in Saint John, and it is in Saint John's interest, New Brunswick's interest, and in the interest of Canada that these skills be preserved and used to advantage in the future.

It is because this is a national problem and not a local one that I feel no hesitation in bringing this issue before this parliament in the traditional way, that is by taking part in the budget debate. The Chairman went on to say:

> If these skills are to be preserved and if we are to continue to build great ships then Canada must very soon establish a clearcut shipbuilding policy. This fact has been recognized—and perhaps I should say finally recognized—by the government of Canada.

The Chairman then referred to a statement made by the Minister of Transport (Mr. Jamieson) regarding a year-long study into the market for a privately owned merchant fleet. The minister described this as a necessary prelude to any further study of the possibility of building deepsea vessels in Canada to form a merchant marine. The Chairman said:

> The minister, therefore, presumably is talking about a delay of up to two years before any shipbuilding and merchant marine program can be developed.

There is no shipyard in Canada that can stand this type of delay in enunciation of government policy. We need only witness the shipyard closures within the past months along the St. Lawrence River. The Chairman further states:

> That is too long. In New Brunswick we cannot wait two years. Certainly, we welcome the step taken by the minister—and we recognize he has only just recently taken over this important portfolio—but Ottawa should take immediate steps to assure that existing shipyards will survive while these studies are taking place.
>
> At this shipyard we will support any plan which will help in the development of a positive shipbuilding policy—and I feel confident in saying that management and labour will work together to achieve this goal—

It was remarkable that at the christening last Saturday the words of the Chairman were echoed by the representatives of the main trade union groups working in the shipyard, that is, Mr. Armstrong, Mr. McLeod and Mr. Yeomans. I am not a special pleader for any specific group. That would be unbecoming the role of a member of parliament, but I consider that after five or six years this government has had sufficient time to come to a decision about whether they feel this country, with the longest coastline of any nation on earth, should have as a complement to this geographical fact some policy toward a deep-sea fleet.

The second matter, Mr. Speaker, is of interest not only to many of my constituents, but to Canadians who do not live in the industrial heartland of the country. It concerns the crisis being faced by the dairy industry in Canada. I welcome the decision of the Standing Committee on Agriculture to move about the country. They are now in Ontario, having returned from the Atlantic provinces. It is a useful exercise for parliamentary committees to get outside this chamber which is so often isolated from the real issues of the day. It is an unfortunate fact, but it is true. These committees should see first-hand the problems faced by the Canadians they represent.

An interesting brief was presented to the committee when they were in Fredericton, New Brunswick, by the New Brunswick Milk Producers' Association and the New Brunswick Cream Producers' Marketing Board. Among other things the brief to the Agriculture Committee states:

On March 31, 1969, the Hon. Minister of Agriculture, Mr. Olson, made this statement in the House of Commons and I quote:

"I wish to inform the house that the support price for manufacturing milk for the year commencing April 1, 1969, has been set at $4.85 per hundred pounds of milk testing 3.5 per cent butterfat. This is the same level as that established on April 1, 1968." This price was calculated on a market price of $3.54 plus a subsidy payment of $1.31 per cwt.

I should like to point out to you gentlemen that the average price of manufacturing milk in New Brunswick last year was $3.15 not $3.54. At the present time the highest price being paid is $3.15 and it ranges to a low of $2.38. The average would be below $3.00 per cwt.

The reason for the extremely low price is the end use of the product. There is no spray powder made in New Brunswick. Due to low production and wide distances between plants there is not sufficient manufacturing milk available to support such a plant.

● (3:30 p.m.)

A considerable amount of roller powder is produced but it sells for a lower price.

We are deficient in butter production. About 57 per cent of the butter used in New Brunswick last year was imported from other provinces.

The phasing out policy of the Canadian Dairy Commission has contributed to our rapid decline in production. We also have a number of fluid milk and sweet cream producers who were forced out of business by the introduction of bulk tank hauling of milk. These men fall into the category of new producers when they apply for a federal quota and their only hope of obtaining one lies in their ability to purchase the herd of one who is retiring, and that must meet the requirements of 3,500 pounds butterfat for milk or 1,750 pounds in the case of a cream shipper.

The situation in the three Maritime provinces is much the same. Last year representatives of the three provinces held several meetings and made a presentation to the Hon. Minister of Agriculture and to the Canadian Dairy Commission. We feel that these submissions contain the substance of our requests and we therefore present them to you for consideration:

Then follows these short recommendations:

(1) That the minimum quota for a new shipper be set at 1,750 pounds butterfat rather than the present 3,500 pounds butterfat.

(2) That the present total quota for the Maritime provinces be retained for this region for a stated period of time. This region is deficient as far as dairy production is concerned.

(3) That consideration should be given to a subsidy to fluid milk shippers on their surplus shipments. It was estimated that sales of subsidized spray powder in one province displaced three million dollars worth of fluid sales. If a subsidy were paid to fluid shippers on their surplus in this province, it would amount to one half million dollars. It was further pointed out that a subsidy to fluid producers on their surplus would help maintain the present fluid price to consumers.

(4) That a floor price be established for roller skim milk powder. The present floor for spray powder does not provide an automatic floor for roller powder as had been anticipated.

(5) That the present level of phasing out smaller producers be maintained at 420 pounds butterfat.

(6) That as the Maritime provinces do not contribute to the surplus of dairy products and as producers have several disadvantages such as higher transportation costs on milk and cream, smaller operators, higher feed costs, etc., that the holdback from the subsidy to shippers in this region be eliminated.

Out of $109,700,000 in subsidy payments in 1968, New Brunswick received $1,276,000. The total Canadian milk production used in factory products in 1968 was 11,603,62 thousand pounds. New Brunswick's share of this was a mere 115,465 thousand pounds. Total production of skim milk powder in 1968 was about 356 million pounds. New Brunswick produced a little over 2 million.

(7) That if these recommendations cannot be implemented under the present framework of the Canadian Dairy Commission, that a special regional policy be requested for the Maritime provinces.

Once more, Mr. Speaker, I make no apology for this pleading with respect to the problems faced by a specific area of Canada. These are very real problems that have been studied backwards and forwards throughout the decades. I would hope that the government will make up its mind soon on a sensible plan of action.

The third point I wish to make in the few minutes that are available to me concerns the need for a flexible policy for bank loans. In its budget proposals the government has indicated a welcome flexibility in its approach toward the problem of inflation. I have no intention of getting into the specifics as to

whether Edmonton, Calgary, Toronto and other cities are over-heated from the point of view of inflation. People with greater technical ability than I possess can deal with that. But there has been a final breakthrough, after all the years of pleading, particularly by the Premiers of the Atlantic provinces, for this flexibility in approach.

I would hope that the Minister of Finance (Mr. Benson), would add to this flexibility something of what is done in the federal reserve system in the United States whereby in a period of high interest rates and tight money, such as we are again entering, directions can be readily given, without the need for any legislation, to the lending institutions of the country whereby regions where economic disparity is evident will have bank financing available to them. This can be done by the minister with the stroke of a pen, and I would hope he would see fit to carry out this proposal.

There is no need, and the budget has indicated this, to attack the problems of the country in totality, in a total centralized policy. We need flexibility if we are really to do something toward bringing those regions of the country that have not enjoyed the advantage of what I might call full citizenship up to the standards of other parts of the country, so that the citizens of the part of the country that I represent may take their place in a buoyant economy.

The last matter I wish to speak upon, and as in all speeches just because it is the last this does not mean I consider it less important than the others, is pollution. I think it is high time the government co-ordinated their efforts in their attack upon pollution. We have had a most interesting constitutional minuet from the Prime Minister (Mr. Trudeau), ever since he assumed office, about the problem of pollution control. We have had various ministers who have varying degrees of responsibility for this great national and international problem.

We have had first rate speeches from the Minister of Fisheries (Mr. Davis) who assures us that under the Fisheries Act he has the competence and the power to deal with this problem. We have had word from the Minister without Portfolio (Mr. Lang) that very soon he will introduce a new water act. We also used to have statements about pollution from the Minister of Energy, Mines and Resources (Mr. Greene).

[Mr. Fairweather.]

Until this government, the provinces and the municipalities are able to agree on a formula to fight pollution and are able to agree that a corporation guilty of pollution should be liable, just as a citizen is liable for damaging another's property or person, we will really not have faced this issue at all. The Minister of Fisheries—I do not think this is a disclosure of something private, but if so I apologize, although I guess it is readily available information—told me that in most construction of pulp mills adequate pollution controls would cost less than 2 per cent of the capital needed for the construction. I think this is another issue upon which the government is a light year behind the public of Canada in really facing up to the need for adequate measures to ensure that the people of Canada have clean water, clean land and clean air. These are the points that have been concerning me for some time, Mr. Speaker, and I thank members of the house for their attention.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, this is the second budget presented by the Minister of Finance (Mr. Benson) since he assumed that office less than a year ago. It has become a practice for Liberal ministers of finance to introduce two budgets a year. I assume this is on the principle that the second budget is designed to offset the errors and the omissions of the first budget. This particular budget which the minister has announced with a great blare of trumpets is to begin the battle against inflation. Well, if some of us are not impressed by this call to battle it is because we remember that four years ago, with great tooting of trumpets and unfurling of flags, a Liberal government was out to wage war on poverty. It will be recalled that that war came to an end without ever a shot being fired. The best proof that the government did not even engage in the war is the last annual review of the Economic Council of Canada which found that between 20 per cent and 25 per cent of the people of this country were living below the poverty line.

• (3:40 p.m.)

The minister is to wage war against inflation. All of us, of course, would like to wish him well but I submit that all he has produced so far has been two wooden swords, neither of which are likely to slay the dragon of inflation. As a matter of fact, before he even begins the battle the minister admits his estimate for the coming year is that the cost of living will rise by some 4 per cent. That is

what it rose last year and is approximately what it rose the year before. So, even before he begins to tackle inflation the minister has already told us we can expect a situation no better, and many of us suspect it will be somewhat worse, than what it has been in the past year. As a matter of fact all the indicators suggest there will probably be an increase in the cost of living as high as 4.7 per cent.

The minister has suggested two things which he proposes to do to cope with inflation. They are commendable moves, but neither of them really grapples with the problem. The first suggestion is that there is to be a two-year deferment on depreciation of capital costs for Commercial Construction, in cities which have a population of over 50,000 people in the provinces of Ontario, British Columbia and Alberta. The idea of selective investment allocation is good. We in this party have been suggesting some type of selective program and the establishment of priorities for a long time. I would point out, however, that this proposal is not likely to be very effective and will not do the thing the minister hopes it will do. Corporations intending to erect commercial buildings, in anticipation of an increase in construction costs, in all likelihood will decide that the increased cost of buildings two years from now could be greater than the cost to them of foregoing the capital depreciation for a period of two years. Even if this should have some effect on construction programs in certain areas, there is no guarantee whatsoever that these funds will automatically be transferred either to low cost housing or to the underdeveloped areas in Canada.

The minister's second proposal is to implement the recommendations of the Kennedy round immediately rather than spread them over the two and a half years they have to run. Again, no one can object to this. I would point out that the reductions are minor; that most of the reductions are 3 per cent or less; that a large number of the items affected are producer or intermediary goods, and that there is no guarantee whatsoever that the savings effected will be passed on to the consumer. Certainly, if we look at the Canada-United States auto agreement under which this parliament gave to the automobile manufacturers some $50 million a year in the form of duty which they no longer had to pay, on the assumption that this would have the effect of reducing the price of cars to the Canadian consumer, we can see that the savings have not been passed on and that the disparity between the price of cars in Canada and in the United States remains roughly the same.

The Minister of Finance (Mr. Benson) is failing to come to grips with the basic problems in this country. Do we have inflation? The common definition of inflation is too much money chasing too few goods. Is there too much money? Certainly, in certain quarters there is a great deal of money. Certain areas of the economy have done very well and have made large profits. Capital gains have been made on the stock market and on land speculation. But is there too much money in the pockets of the veterans of this country who have been waiting for years to get an increase in the war veterans' allowance and who have been promised for years that when the Woods report came down they would be looked after? Now, when the report has come down they are told they will have to wait for a white paper. No doubt when the white paper comes in they will be told they must wait for the report of the Standing Committee on Veterans Affairs. These peterans have less money in terms of spending power than they had five years ago.

What about the people on fixed incomes? Have they too much money? They have less money in real terms than they had five years ago. The old age pensioners find that the cost of living went up last year 4 per cent but the government provides only for a 2 per cent increase in their cost of living bonus. In addition, if they are under the age of 70 and receive the supplementary allowance they will pay income tax. This will mean that in effect they will be giving back the 2 per cent cost of living bonus they receive. They do not have too much money. They are worse off than they were before this government took office. Are the four million or five million people in Canada who live below the poverty line suffering from too much money? Are the 400,000 or 450,000 unemployed overburdened with a supply of money? Are the farmers of this country suffering from too much money, particularly the western farmers who have millions of bushels of wheat stored on their farms but who are unable to obtain sufficient cash to meet their obligations? Certainly, there is not too much money there.

I know of course that these are the vested interests the Prime Minister (Mr. Trudeau) has promised to bring to heel in order to cure inflation. This government has failed to face the fact that the problem is not too much money. The problem in this country is a maldistribution of income and misallocation of

the available resources of Canada. The fact is that the government, ever since it took office in 1963, has consistently increased the tax burden on the low and middle income groups but has continued special privileges for the wealthy in this country.

• (3:50 p.m.)

The personal income tax has been raised repeatedly while corporation taxes have been treated with kid gloves. There was an increase in corporation taxes by 5 per cent refundable tax imposed in March, 1966. I underline the words "refundable tax" because these corporations were to get their payments back in 18 months at 5½ per cent interest. The wage and salary earners are not going to get their tax payments back, interest or no interest. Even then, the refundable tax was cancelled in 1967.

Then the government found, of course, it had to repay the tax it collected, plus the interest. It had to find $244 million. Early in 1968 the government endeavoured to put through this house a 5 per cent surcharge on the wage and salary earners in order to get enough money to repay this corporation refundable tax. Fortunately, that move was stopped by the combined opposition Parties of parliament.

Then, the government compromised and brought in a surcharge of 3 per cent on both personal and corporate income tax. That was supposed to expire at the end of this calendar year, 1969. Under this budget it is going to be extended to the end of 1970. In that year the 3 percent tax is going to bring in $150 million, $40 million of which will be corporate taxes and $110 million personal income taxes.

Not satisfied with this discrimination in fiscal inequity, the government is now introducing a social development tax of 2 per cent which is levied solely on the wage and salary earners. It is not to be paid by corporations. To make matters even worse, it applies only to the first $6,000 of taxable income, so people with $40,000 or $50,000 per year are to pay the same tax as somebody earning $8,000 or $10,000 per year.

When the Prime Minister told the national convention of chambers of commerce that the rich were overtaxed, I wonder what he had in mind about the poor and the people in the middle and lower income groups whose taxes have been going up steadily? This country is suffering from maldistribution of income; some have too much but many have too little. The government has completely ignored the recommendations of the Carter commission. The government has been promising us a white paper for over a year.

An hon. Member: It is coming.

Mr. Douglas (Nanaimo-Cowichan-The Islands): It is coming, but when is some action coming? The government could apply a tax on the banks. This morning's *Globe and Mail* states that in the six months ending April 30 the seven chartered banks have made an average increase of 33 per cent on their profits, and their stocks have gone sky high ever since the ceiling was taken off interest rates. The oil and mining companies could be made to pay taxes on the same basis as other corporations.

I remember when the Minister of Finance sat over here in 1962 and excoriated the government of that day for not removing some of the depletion and depreciation allowances enjoyed by the mining and oil industries. What is he doing about that now? What about recognizing the facts of the capital gains tax so that those who make profits out of the stock exchange or speculation on land development will be required to treat their profits as income and pay taxes the same as anyone else?

The government does not need a white paper. It has all the data it needs and it has the information contained in the Carter report. What the government lacks is backbone. I could make a better backbone out of a banana than the backbone possessed by this government. The government could collect taxes from those who are the freeloaders in our economy. The government could still, after that, reduce personal income tax for people with incomes of $10,000 per year or less by 15 per cent and have more revenue that it has now.

The government has not only failed to do anything about the redistribution of income, it has failed to do anything about social and economic priorities. It removed the ceiling on bank rates without any safeguards. We are paying the price of that now. It introduced legislation to increase the capitalization of trust and loan companies, granting them greater access to money markets. It has a tax system which encourages equity investment rather than bond investment. The result is an absurd imbalance in our priorities.

The private sector is able to get capital, but the public sector is hard pressed in respect of schools, hospitals, urban renewal projects, low cost housing and recreational facilities.

These are just as important as having another filling station on the corner or a third supermarket in each subdivision.

This government's fiscal policy over the years has starved the public sector. It is amazing that in a society which needs hospitals, schools and the social amenities, when times are good we cannot have these amenities because of inflation and when times are bad we cannot have them because we cannot afford them. The government asks where we would get the money. If financial resources are scarce, this is all the more reason to space out private investment in less productive areas of the economy and concentrate on those things which will increase productivity.

One of the things of which the government is guilty is that it has failed to put a major emphasis on stepping up economic growth. If, as the Minister of Finance says, there is too much money in relation to goods, surely the thing to do is put the emphasis on increasing the amount of goods.

Unemployment represents a loss of potential production. Having between 400,000 and 450,000 unemployed, we have a shortfall in our production in this country of $3 billion to $4 billion. In Europe they have been placing the emphasis on full employment, so that in countries like West Germany and Sweden they have unemployment down to 1 or 1½ per cent.

In this country unemployment has been the means the government has used to cool off the economy. The former Minister of Finance very callously said it might be necessary to have some slack in the economy. We have been getting slack in the economy by deliberately fomenting unemployment. The strange thing is that in a classical economy it has always been understood that if you have a period of inflation you have a danger of rising prices but full employment, but in a period of deflation you have unemployment and falling prices. Only a government of geniuses could get the worst of both worlds in which we have both rising prices and unemployment.

This government gives no indication in this budget that its fiscal and monetary policies are designed to stimulate productivity or to provide for full employment as one of the best means to combat inflation. The Minister of Finance is very proud of the fact that he has balanced his budget. I want to suggest that he is balancing it on the hardships and the heartaches of the most defenceless segment of our society. The government's idea of combatting inflation by cutting government spending is reminiscent of the economics of Herbert Hoover.

• (4:00 p.m.)

Government spending is not wasteful spending if it is properly administered. Much of government spending represents a distribution of income; it represents taxing those who have the ability to pay, and providing through pensions and other measures income for those who live below the poverty line. One of the greatest omissions in this budget, may I say in conclusion, is the fact that there is not any indication at all that the government is aware of the disastrous situation which obtains in the three prairie provinces of Canada where farmers, because of declining prices, reduced deliveries and a catastrophic drop in wheat sales, face the most serious situation that I have seen on the prairies since the 1930's. There is not a line in the budget that indicates the government is prepared to spend a dollar to meet that situation.

For three months now we have listened to ministers saying the matter is under consideration. The government's policy will be made known in due course, says each minister, like a puppet on the end of a string. But the Minister of Finance has given us no indication whatsoever that the government has any policy; that it intends to make any money available so that the farmers of western Canada will be able to get sufficient cash income to buy their supplies for summer fallowing, for their weed-spraying, and for harvesting a crop this fall, to say nothing of the money they will need to provide for their families. It would appear that this government is prepared to let western agriculture go down the drain. We in this party will have more to say about that matter unless the government indicates fairly soon that it has a program and a policy by which it will put cash into the hands of the farmers of western Canada.

Therefore, because this budget will do little or nothing to combat the present inflationary situation, and because it is replete with social injustice, we members of the New Democratic party will vote for the amendment and against the budget.

Mr. Ray Perrault (Burnaby-Seymour): Mr. Speaker, after listening to the presentation which we have just heard, I wonder whether the research grants made available to party leaders have been properly spent. We have

just heard a catalogue of inaccuracies, perhaps unintentional, and a recitation of misinterpretation which I shall attempt, at least in part, to correct. Before I do, I would like to make the general observation that in recent days we have heard the usual round of budget criticism which we have come to expect from some members of the opposition. Unfailingly, these critics shroud their comments in gloom and doom. There is not one qualified word of support for any aspect of the budget. They condemn it. Indeed, during the past session some of these spokesmen—and some are leading members of the house—have been so loath to approve anything the government has done that their words of approval have been as rare as the dodo bird or the passenger pigeon. But in this particular debate, in the context of the economic problem facing Canada, there is an unreal quality about the unrestrained assault upon the budget.

Opposition spokesmen—and I suggest it is an old fashioned political technique—seem compelled to act out the charade of attacking a budget in all its aspects; pointing with alarm; suggesting that people are being ground down into poverty, and resurrecting all the old clichés which we identify with the class struggle of the 1930's. The response is a negative stereotype. It does not do the opposition very much good. People want to know what the opposition parties have to offer as alternatives. I began to write down some of the alternatives I have heard in this house during the past few days, and I do not have even half a sheet of constructive comments from opposition spokesmen. Yet they aspire to forming the government of Canada.

Let us examine some of the myths. Myth No. 1 is this: The opposition claims that this government is clinging desperately to an outmoded system of taxation; that it resists change and reform. This is one of the most nonsensical myths of all. The existing taxation system is going to be changed, and the opposition knows it. It is to be hoped that the opposition parties will participate in assisting that change with a few rare, constructive proposals. A white paper containing a draft of taxation changes will be released in the near future. It will undoubtedly contain some of the recommendations of the Carter Commission report which will dismay some of our friends in the New Democratic party opposition.

Mr. Gilbert: Why wait till spring; do it now.

[Mr. Perrault.]

Mr. Perrault: These recommendations will be considered by the government and other people across the country, including labour unions, businessmen, management and banking people. The Carter Commission report, like all reports of its kind, is not binding on the government; no royal commission report ever was. Certainly, such reports were not binding when my hon. friend was premier of Saskatchewan; he developed his own policy. Revised methods of raising revenue will be adopted, subject to amendments, but only after nation-wide examination and discussion of the white paper proposals.

No one disagrees with the statement of the hon. member who just spoke, namely, that we have to bring a greater degree of equity and fairness to the taxation system in Canada. Government members would like to see exemptions increased, more money for senior citizens, and all the rest. But the suggestion that somehow government benches are occupied by hard-hearted Simon Legrees, determined to provide more and more difficulties for senior citizens and those on fixed incomes, is simply untrue.

The official opposition spokesman, the hon. member for Edmonton West (Mr. Lambert), who is a very articulate member, was unremitting in his attack. I would remind the official opposition that they had six long years to bring about greater justice and equity in the taxation system of Canada. They showed all the enterprise of a sloth in effecting really meaningful reform. All they succeeded in doing was tinkering with the machinery. I am pleased that we have a government which questions whether in the Canada of 1969 we need brand new machinery.

As far as the minor opposition parties are concerned, the New Democratic party, when entrusted with the responsibility of governing Saskatchewan, did nothing to reform the basic relationship between the municipalities and the provincial government—nothing except to impose over 200 new taxes, imposts, fees and other charges against the long-suffering public. The result was that 200,000 people left Saskatchewan during those balmy years to seek opportunity elsewhere, the largest exodus since Moses led his people into the promised land.

Some hon. Members: Hear, hear.

Mr. Perrault: I recall the monumental statement of the Creditiste leader when he was in Vancouver several days ago. He told an audience in that city that the Créditiste

party had a simple solution to all the problems; they would abolish all debt in Canada with the stroke of a pen. This should strike terror into the heart of any responsible Canadian.

Myth No. 2 is that a profligate, intemperate government is investing millions of dollars in unrewarding programs of social development, and that waste is rampant. These are the words that have been used. The federal government has increased its spending; but where has it gone? These are the facts which have not been cited by the leader of the New Democratic party and others who have participated in this debate. I tell this house that combined provincial-municipal expenditures have grown from less than half of federal spending in the early 1950's to more than the total of federal expenditures. The provincial use of major tax fields has grown correspondingly. All provinces now receive one quarter of the personal income taxes paid and Quebec receives an additional 23 per cent under the contracting-out arrangements. The ten provinces receive almost one quarter of corporation income tax, almost 40 per cent of all commodity taxes, and virtually all natural resource levies. Yet there is a suggestion that the federal government is somehow taking in all this money and that it is not being effectively spent. All the provinces have benefited from federal payments on tax abatements, so much so that in the last seven years the amount of these payments has risen from $898 million to an estimated $2,811 million.

• (4:10 p.m.)

Where has this money gone? We have heard a lot about this unsympathetic government which does not want to help the low income groups. Here are some figures which hon. members might bear in mind. Medicare, $325 million; fiscal transfers to provinces, $100.8 million; hospital insurance, $65 million; post-secondary education, $53 million; Canada assistance plan, $48.4 million, for a total of $602.2 million.

Then, there is the cost of the regional economic expansion program, $45.9 million; grants for urban renewal, sewage treatment and housing research, $10.9 million, and the Cape Breton Development Corporation, $3 million, a total of $59.8 million, representing in all a total increase in the estimates of $1,031.7 million. These funds were spent on services destined primarily to assist low income groups and the less privileged parts of our society. Yet the house has been inflicted with statements along the lines that this government is a government which does not care. We heard the official opposition attacking the government the other day for what was alleged to be flagrant misspending. Opposition spokesmen said spending exceeded all understandable limits. Mr. Speaker, I intend to quote a former prime minister of Canada, the right hon. member for Prince Albert (Mr. Diefenbaker), speaking in a notable debate which took place on June 27, 1961:

> Is it wasteful to spend more money to fight recession? Is it wasteful to bring social assistance to additional Canadians? Is it wasteful to provide more funds for the provinces and municipalities? Is it wasteful to spend money to further national development? These are some of the kinds of expenditures that were made, all of which were necessary to meet a situation.

The official opposition has absolutely no compunction about complaining that the government is wasting money. Yet, when they were themselves in power their leader stated that when money was well spent its outlay was fully justified. This is the kind of argument which has been used to condemn the budget out of hand. Those who say money is being wasted should bear in mind the fact that the total federal contribution to the provinces as a percentage of total federal budgetary expenditures less tax rental payments grew from 14.46 per cent in 1961-62 to 26.08 per cent in 1968-69.

This government has had the courage to question some of the existing programs and to initiate co-operative studies with the provinces to make certain that social development dollars are being expended as usefully as possible. This is what should be done. The government stated—and I hope no hon. member disagrees with this—on the subject of social welfare:

> A general intergovernmental agreement on the three programs is also proposed under which: (a) all governments would agree to continue joint consultations to discuss operation and improvement of the programs, (b) the federal government would agree to provide technical assistance to improve program standards, and (c) the provinces would agree to maintain uniform residence rules to ensure interprovincial portability of hospital and welfare benefits to individuals.

Then there is the demand that some specific monetary and fiscal measures be applied to counter the effects of inflation. Mr. Speaker, the problem we face today is the concern of the entire world. Statistics have been cited in connection with Sweden. I should like to answer some of the questions which have been raised in this house about Sweden.

We are told that Sweden is the outstanding example of a nation which has been able to hold the line as far as inflation is concerned. I intend to put on record figures which will indicate precisely where Canada stands in this regard and where the social democracy of Sweden stands. Of all the nations of the world, from 1958 to 1967 the United States is first in the battle against inflation. Canada is second, Germany is third, Belgium is fourth—and Sweden is in about twelfth place. That is the record of a guided social democracy. The leader of the New Democratic party said: "Oh, if we could only do things in the same way as Sweden!" What are they really doing in Sweden? This is the latest report:

> Sweden's Labour Government, faced with a looming crisis which could force a devaluation of the Swedish currency, decided to put its currency first and accept a higher jobless rate.
>
> Credit policies were tightened. The budget was squeezed to austerity levels.

The report continues—and this is significant:

> Yet government officials and labour leaders have accepted it all with scarcely a whimper. Reasons for acceptance are easy to find. Labour costs have come under control. Prices are almost stable—

Roughly three quarters of all retrained workers have been able to find jobs. This is what the Canadian government is attempting to do. The report goes on:

> As one labour expert put it: "You can't really cure or prevent unemployment by inflationary policies. We know this from our own experience. A much more subtle approach is needed to avoid both inflationary overemployment and chronic underemployment."

The present rate of unemployment in Sweden is not 1.5 per cent but 3 per cent—double that of past years and the highest experienced in Sweden during the postwar period. These are the facts. Inflation is running rampant throughout the world, and faced with this situation Canada is performing as well as any other country and better than most. This does not, of course, provide much satisfaction for our senior citizens, retired civil servants and those who have to live on fixed incomes, but it does place the problem of inflation in Canada in a more reasonable perspective if we relate the situation here to the situation in other countries around the world. In Russia, for example, wages have been climbing at the rate of 7 per cent a year, faster than labour productivity. Let hon. members to my left show me a system in the entire world which has been able to cope with this kind of evil. The problems about which monetary and fiscal policies in our society are concerned are those which flow from the exercise of freedom in the use of money. As the Minister of Finance (Mr. Benson) has pointed out, these problems are ever-changing. No one can predict with certainty where they will lead. Regardless of the political system adopted, or of the government in power, monetary policy can never be reduced to a formula or to the application of routine adjustments to standard situations. Monetary policy must be modified continuously to fit a changing set of economic conditions and a changing economic environment.

There is an element of experimentation in the budget. This was to have been expected. Implicit in this budget is the theory that our complex economy can no longer be controlled by the simple action of boosting taxes to slow the economy or lowering them to speed up the economy. We know that economic stability in today's Canada requires action by government on several fronts. One of the controversial measures which the minister has proposed relates to the deferring of the 5 per cent depreciation allowance on all new commercial buildings in some centres of Ontario, Alberta and British Columbia. Faced with a super-heated economy in some parts of the country and a deflated economy in other areas, the government is proposing a regional approach designed to restrain expansion in certain provinces without penalizing others. There is some degree of apprehension about this in British Columbia which happens to be one of the largest contributers per capita to Canada's wealth. I hope this program is only temporary and that we are not going to see this type of built-in, economic regionalization as a permanent feature in this country.

While in today's circumstances such a measure may appear to be necessary, I would point out that it has never been sound policy in the past to weaken the strong in order to strengthen the weak. I hope the minister will observe the results of his action very closely. If this selective measure fails in its objective, and should very little development be switched to more depressed areas of the country, I trust appropriate action will be taken. Let the opposition spokesmen offer constructive alternatives instead of condemning the proposed measure.

• (4:20 p.m.)

The myth has been put abroad that the federal government by itself can arbitrarily and unilaterally act to halt inflation; that it can arbitrarily reduce interest rates. This is

one of the most fallacious arguments of all. The party that advanced this concept of lower interest rates announced dramatically one Monday morning that that same party professed to concern itself with the plight of the less fortunate. Yet such action by Canada would result in widespread ruin, first of all among those who are forced to eke out an existence on fixed incomes.

The official opposition have offered criticisms based on today's inflationary situation. I would remind them of the speech made by their own minister of finance when they were in power in 1960. As reported at page 2672 of *Hansard* for March 31, 1960, he said:

> We must place emphasis on greater productivity and efficiency rather than on sheer size—

He called for the co-operation of all sectors of the community. He said that the government could not solve the problem by itself and, of course, he was correct. He stated that the role of leadership falls to the federal government; that it is the responsibility of the government to try to establish conditions of financial balance. I suggest that this is not within the control of this government or any other single government. We must remember that municipal governments and provincial governments in Canada are now spending more than the federal government. Consequently, unless they act responsibly, and unless labour and management act responsibly, we cannot control inflation. The federal government could reduce its budget by 50 per cent, but we still might not be able to attain our objective.

In conclusion—

The Acting Speaker (Mr. Béchard): Order. I regret to interrupt the hon. member but his time has expired.

Some hon. Members: Carry on.

Mr. Knowles (Winnipeg North Centre): Yes, you might say something.

Mr. Perrault: Perhaps we have arrived at an unique point in Canadian history, when the battle against inflation is such that a measure of multi-party consultation and discussion may be desirable. When we are confronted with an external enemy, we agree that certain broad policy matters go beyond political differences and we attempt to achieve agreement on the main lines of foreign policy. Perhaps today we are facing an inexorable internal enemy, and this may call for a broader degree of consultation among all members of the house, particularly the leaders of the house, in order to meet what is now the No. 1 enemy of all of us.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, it is with pleasure that I rise to participate in the budget debate. The budget speech proposes to deal with inflation. In fact, the news release by the minister under the title "Budget Highlights" states that the No. 1 priority in economic policy today is to deploy all available forces, public and private, more aggressively than ever in the battle against inflation.

The minister speaks about inflation as though it were a recent occurrence, as though he and his party only recently became shipmates with this phenomenon which is eroding the purchasing power of our dollar like the worms erode the planks in the bottom of a ship. Just as the worm holes in the planking eventually cause the ship to sink, inflation is taking its terrible toll on the economy of our Canadian ship of state.

If we want to know when inflation started running rampant, like a malignant cancer, through our economy, all we have to do is to read the minister's economic white paper for 1969. His very first statement is a tribute to the previous Conservative administration, for the minister states that in early 1969 the Canadian economy entered its ninth year of expansion. It is gratifying to see a Liberal admit, even at this late date, that the Canadian economy was expanding in 1960.

The minister went on to say, according to the white paper:

> Since 1965, increases in prices have been larger than desirable, and public policy has been designed to replace inflationary expansion by balanced and sustained growth.

Which public policies is the minister referring to at this time? Is he referring to the 60 days of decision, or to the bankrupt policies of Mr. Walter Gordon, whose budgets were a mish-mash of proposals which were inflationary and many of which had to be withdrawn? Is the minister referring to the establishment of the ill-fated industry department, which increased all government costs by raiding departments by inflated salary offers that caused demands from all departments for increased wages. Eventually, the industry department had to be put back where it belonged with trade and commerce? Was this one of the Liberal government's anti-inflationary policies? Are these people trying to suggest to us that this juggling of departments served to save us money? Or perhaps the

finance minister is referring to the Canada Pension Plan, which this government made compulsory even though thousands of Canadians asked that it be made voluntary? Its implementation required hundreds of additional staff, adding to the taxpayers' load and to inflation in Canada.

Or was the finance minister referring to Mr. Pearson's 30 per cent settlement formula when he spoke of policies designed to replace inflationary expansion? By granting this enormous pay raise when settling the strike on June 14, 1966, almost three years ago, between the International Longshoremen's Association in Montreal and the Shipping Federation of Canada, the Liberal party set the standard, the target, for all wage demands in this country.

Or perhaps the finance minister was referring to medicare when he spoke of policies designed to curb inflation. Here we have a policy that even wealthy Ontario and Quebec still question because of its cost and inflationary effect on their economies, while poor New Brunswick and Prince Edward Island must pay their share though lacking the further resources required to provide this service to their people.

The unfavourable situation that led to rising inflation is in the main due to the lack of forward planning by the Liberal government for most of its shared cost programs. Here I refer to post-secondary education and the Canada assistance plan, in addition to the other programs I have already mentioned. The inevitable result of these policies is that our financial system has now got out of control.

The minister cannot have it both ways. He claims the establishment of a sound economic and financial base on the one hand, while saying on the other hand that inflation really became a problem in 1965. I ask him and his government: Why did the Liberal party, which has been in power since 1963, do nothing to curb inflation in the past six years? Rather it brought in policies that made the inflationary fires burn brighter and higher. There is really no excuse for the mismanagement of our affairs by the Liberal government. There is no excuse for their arrogance or for their indifference. The fact that successive Liberal administrations have refused to take action on inflationary problems has destroyed the government's credibility.

We now see the minister further destroying his own credibility by piously stating that this government's No. 1 priority in economic policy must be to deploy all public and private forces more aggressively than ever in the battle against inflation. Of course this should be the government's No. 1 priority, but indifference on the part of many Canadians to the minister's budget proposals indicates that nobody believes him any longer. That is both his and his government's real problem—that nobody believes them any longer.

What does this budget do for Atlantic Canada? To date Liberal policies have done very little for our area. The government's lack of a shipbuilding policy has brought our shipbuilders close to the brink of financial ruin. In the Atlantic provinces today there are, according to chart 9 on page 25 of the minister's white paper, some 50,000 men without jobs. This represents more than 10 per cent of the labour force. Were this level of unemployment prevalent all across the country, the cabinet would react as if faced with a national disaster—and rightly so. Put in other terms, the unemployment rate in the Atlantic provinces is half again as high as it is in Canada as a whole.

• (4:30 p.m.)

The Atlantic provinces have other characteristics, Mr. Speaker. The employed worker in Atlantic Canada is paid, on the average, only 82 per cent of the amount the average Canadian receives. We all know that capital growth in the Atlantic region is slower than in the rest of Canada. Not only is it generally lower, but it is subject to boom and bust fluctuations. The minister tells us that the 1969 outlook in the Atlantic provinces is still mixed. This problem, of course, is well known to everyone who has studied problems of regional growth. However, what we should like to see is a steady and continuing expansion so that the best use is made of our resources, physical and human, for the benefit of the region and the country as a whole. For example, we need legislation to deal with our pollution problems; we need adequate legislation to introduce regulations to deal with our fisheries resources.

What has been offered by the Liberal party, Mr. Speaker? In the first place, the government has given us rapid inflation, and with that inflation has come all the dislocation inflation can cause. We have had few of the benefits that accrue to some groups and regions during periods of rapid price increase. Few of those benefits have come to the Atlantic region. On previous occasions I have brought the dimensions of inflation to the

attention of the treasury benches. A dollar earned in 1961 has a purchasing power today of approximately 75 cents; and the sad but true fact is that the 75 cent dollar of today will be worth only 60 cents one year from now if the April rate of deterioration continues for 12 months.

Inflation lays a heavy hand on those who are working; but it is a nightmare to some of our senior citizens and pensioners. The victims of inflation are easy to identify, if any one cares to look. They are welfare cases, the hard core unemployed, the old age pensioners, the widows and orphans living on fixed incomes and the voiceless, unorganized workers in our society. To this group will be added the wage earners who will eventually be laid off as inflation erodes what the Minister of Finance (Mr. Benson) has called the competitive position of Canadian producers in those other countries with which we must trade and in our own markets at home. The immediate removal of the three remaining stages of the Kennedy round of tariff reductions is designed to increase price competition. In my view that will only be done at the expense of increased unemployment in Canada.

When the government forms policies to fight inflation there is always the danger that the problems of regional disparity which I outlined earlier will be aggravated. In the words of the budget papers, these regional differences add to the problems of designing a policy for stabilization and growth.

On Tuesday night last we noted that the minister made some attempt to meet this problem in one field of activity by deferring for two years cost allowances on commercial buildings specifically in British Columbia, Ontario and Alberta. In my opinion, Mr. Speaker, this policy contradicts directly the Prime Minister's election promise of equal treatment for all provinces. This type of policy brought forward by the Liberal party does not jibe with promises made during the federal election campaign. The Liberal party, in fighting that campaign, said that its policies were designed to unite Canada. I can think of no comparable policy which will place a greater strain on confederation. But it is not realistic to dwell on this one measure when the most important aspects of the budget dealing with traditional monetary and fiscal policies apply to areas of slow economic growth with the magnified effect that such aspects have always had on such areas.

Canada as a whole has been denied the sensible, interim policies advocated by the Leader of the Opposition (Mr. Stanfield). I refer here, of course, to his proposition that a flexible, short term policy of well known and nationally acceptable economic guidelines, especially with regard to prices and wages, be instituted in addition to other policies to see us through the present inflationary crisis. The deficiencies of guidelines we all recognize. Nevertheless, we prefer the lesser deficiencies of temporary guidelines to the long term harm which inflation and ill fitting economic policies can wreak in whole regions of Canada and among whole income groups.

Generally speaking, Mr. Speaker, the Minister of Finance has undertaken to keep government spending constant. This is in line with the recommendations of the economic council and the opinions of many economists who have been dismayed at the almost rampant growth of expenditure by government these last four or five years. There has been great dismay with regard to the wasteful extravagance of government. I submit that keeping the lid on the budget is not enough. Changing needs or the existence of old needs which have not yet been met require a constant reappraisal by government of its priorities. The government should turn its attention to the priority of building an infrastructure. Within this general priority, precedence should be given to projects which meet the real needs of the people of the country. The National Arts Centre which cost $46 million represents, I think it is fair to say, too great a portion of our nation's resources being applied to the non-urgent needs of too few people. There are thousands of smaller projects costing tens of thousands of dollars—not tens of millions—which meet today's bread and butter needs. In most cases these projects have what could be termed a multiplier effect. These projects do not need government subsidies to make sure that full use is made of them. Instead, these projects will stimulate economic activity and enable human and physical resources, formerly lying unused or partially used, to be applied productively.

I cannot understand, Mr. Speaker, and I am sure many Canadians cannot understand, the government's sense of priorities. On Thursday, May 29, the Minister of Regional Economic Expansion (Mr. Marchand) outlined the government's plans for the national capital region, indicating the government's intention to develop Hull into a major government employment centre. Now, I do not object to

the incorporation of the City of Hull in the national capital area; neither do I object to the idea of extending and beautifying the national capital region, within reason, through the expenditure of public money. That idea I think is acceptable to most Canadians. This government, however, must soon make up its mind as to what it wants to do. It cannot continue in its hypocritical way; it cannot continue saying one thing and doing another. It cannot talk about practising economies, instituting controls and cutting back on expenditures and the number of its employees on the one hand while throwing away all common sense and restraint on the other hand, and still remain credible. The rate at which Canada Savings Bonds are being cashed indicates that this government's credibility already is at a low ebb. All the Minister of Finance can do in responding to this situation is to get out the whip and let it cut a little deeper into the backbone of Canadians by extending the existing surtax on personal and corporate income until the end of 1970. What arrogance is this, Mr. Speaker? What gall.

The Minister of Regional Economic Expansion has told us that there will be accommodation for about 36,000 public service employees in Hull. At this very moment the National Capital Commission is filing expropriation documents, because the initial requirement for making the development possible is land for building sites. In the light of this announcement, surely the Prime Minister, the Minister of Finance and the entire cabinet will not continue with their hypocrisy surely they will not continue with this charade and try to tell us they are practising economy in government. Quite obviously the men sitting on the treasury benches do not know the meaning of the word "economy". I am beginning to wonder whether any of them has actually worked for a dollar. They do not understand its value, and the value of our dollar is getting less and less every year.

I say that this government is false to its trust in administering public funds. While they are going to great extremes to acquire through expropriation land for public buildings in Hull, there are at present seven temporary buildings in Ottawa which could be torn down for one tenth of the cost of the land in Hull. The buildings required for government administration could be built on the land occupied by these temporary buildings. Whereas these existing buildings are only two stories high, their replacements could contain sufficient stories to house adequately existing and expanding government departments for some time. That, Mr. Speaker, would be the common sense approach. Unfortunately common sense is one ingredient that is sadly lacking in this administration.

[Mr. Crouse.]

We have here a government that admits, for example, that a skidway is required by the 38 fishermen of lower Jordan Bay in Shelburne county. They operate 28 boats there. The Minister of Public Works (Mr. Laing) concurred in the recommendation that this much needed facility be built. That happened away back on December 5, 1968, but because of lack of funds the work has not been started. The cost of this much needed facility would be under $10,000 and would aid these primary producers in earning a living from the sea. However, it cannot be developed because of lack of funds, yet the government talks of millions for the national capital area.

• (4:40 p.m.)

Similarly, in the town of Bridgewater, a new federal building is required. Two years ago this was approved by the then Minister of Public Works. To date this government has been unable to find a suitable site or indicate when construction will be started. In the town of Liverpool this government assisted in the development of a floating fish plant. There are thousands of dollars in federal funds tied up in that plant, but now silt has filled in Liverpool Harbour and it requires dredging. At low tide the edge of that plant is aground which is causing it to get out of shape and impedes the operation of that particular plant. We have done everything but provide funds for dredging. The government says, sorry old boy, we have nothing for you. There are funds for the wealthy areas of Canada which set the living standards for the nation, while there are not even any crumbs for those areas still suffering from regional disparity.

If the minister wants to re-establish faith in Canada and in Canadian securities, a relatively simple procedure is open to him. Let him change the income tax laws. Instead of allowing a 20 per cent deduction for dividends received from taxable Canadian companies, I suggest for a start that he raise this amount to 40 per cent. I am sure the minister will be pleasantly surprised at how quickly Canadian securities will be found more attractive than United States securities for Canadian capital, while the loss to the treasury will be minimal.

I firmly believe we must encourage thrift in this country and reward initiative and ambition if we really want to develop Canada. Unless we get greater Canadian participation in our resource development, we will not have the means to sustain our economic growth at its present level and we will not have the means to control this malignant cancer which we call inflation.

Mr. Barney Danson (York North): I was most interested in the remarks of the hon. member for South Shore (Mr. Crouse). I appreciate his concerns. I think it only fair, however, that when using examples they should be put in their proper context. I refer particularly to the need for further government construction. This additional construction is required. As the Minister of Public Works (Mr. Laing) pointed out, the federal government is paying some $17 million in rents annually. In his opinion and in the opinion of his colleagues in the cabinet, this is bad economics. Every year $17 million in rents is going out the window and we are not building any assets in the form of public buildings or things of this type. It would be much worse economics to continue this type of expenditure than build something—

Mr. Crouse: On a point of order, Mr. Speaker. I do not wish to unduly interrupt the hon. member now speaking, but I wish to point out that at no time during my remarks did I speak about rents or the rental policies of the government.

Mr. Danson: I was not suggesting that, Mr. Speaker. I was suggesting he did not mention rental expenditures and it would have put things in their proper perspective if they had been mentioned.

I follow two other distinguished members from the area which I represent, the hon. member for York West (Mr. Givens) and the hon. member for Scarborough West (Mr. Weatherhead), who spoke on the two previous days of this debate. I support the remarks they made. We represent an area of this country which is blessed, the area of greater Metropolitan Toronto. This area is blessed in very many ways, yet we have many concerns and many legitimate needs. Not all of our people are so blessed. We do have problems.

While we certainly represent our constituents to the best of our ability and with all the energy we have, we realize, as do our constituents and the vast majority of people in that part of the country, that our major concerns are for a united country and a stable economy. We are determined to put forward our demands on behalf of the legitimate interests of our area, but never at the expense of national interest. So often when speaking of Toronto, people use funny names. I think that is a part of history that has been forgotten.

I do not need to apologize for the city of Toronto. I am proud to be from that area and proud of my city. As the hon. member for York West has pointed out, approximately one-third of the personal tax, corporation tax and sales tax comes from that area. That is because we are part of Canada, and that is the way we should keep it. There is a suggestion we are not getting our fair share. While there are many things for which we wish, we must keep our needs in perspective. Perhaps our needs, priorities and even our values in some respects in our area are different from those required or wanted by others.

In the area of national housing expenditures, public housing and student housing, the greater Metropolitan area of Toronto between the years 1963 and 1967 received over $1 billion. That is double what any other city of any size in Canada has received. Our Museum of Science and Technology, a provincial centennial project, received $2.5 million from the federal government. The St. Lawrence Centre for the Arts received $665,000. The Toronto District Conservation Authority has received grants totalling up to $9 million. There are some questions in relation to the repayment of some of these funds, $1,200,000. The members from our area are working diligently to get a fair appropriation for the type of public facility that is not only vital to the safety of the people in that community, in view of the tragedy of Hurricane Hazel some years ago, but which will also provide recreation areas and flood control.

There have been approximately $54 million in municipal development loans over the years, including some loans which were not repayable for the great subway which exists in our city. Manpower, occupational and language training, which are vital in a great municipality such as ours, are of particular concern because most of the immigrants that come to this country come to our city. We welcome them and hope many more will come. Between the years 1966 and 1969, $154 million has been received for those purposes. That is money well spent.

We require better airport facilities that are consistent with the size and needs of our community, for both the international and domestic flights that pour into our area.

The Budget—Mr. Danson

• (4:50 p.m.)

When members of parliament from the Toronto area come to Ottawa, writers in our local newspapers often criticize us. One accused us of becoming statesmen. I think that was meant as an insult; however, I take it as a compliment, although it is totally inaccurate. We are concerned, and rightly so, with the totality of our nation. The Toronto area members are working diligently to represent their area, but not at the expense of the rest of the country. I am proud to serve with men of this calibre, who think in those terms and who are prepared to back up their words with energy and work on behalf of the area they represent. Above all, we from our area are grateful for our prosperity, although it is not universal throughout our area. But we realize this prosperity will be short-lived if the value of our dollar continues to diminish and other areas of the country are not also prosperous.

Living in the biggest city in the world is not the same thing as living in the best city. We want to see a city rich in its culture, exciting in its diversity, and wholesome in its quality. To force feed a city with the chamber of commerce approach, bigness for the sake of bigness, does not interest me. I do not think it interests my colleagues. We want the things that are good in life. We have a viable community now, and it will grow of its own volition, even more so than we want. We are now waking up to the problems of living in a big city. It is living in a fool's paradise—and Toronto is no fool's paradise—to think that we can be isolated from the problems of other less prosperous areas.

It was rather interesting listening to the Leader of the Opposition (Mr. Stanfield), that is, the Leader of the Loyal Opposition, or the Official Leader—as a matter of fact I get quite confused as to who is the leader over there, but that is because it is pretty confusing over there.

Mr. MacInnis: Couldn't somebody write it down for you?

Mr. Danson: When you get it straightened out please drop me a note.

Mr. MacInnis: Speaking about notes, don't you realize there is a rule against using them all the time you are speaking?

Mr. Danson: The Leader of the Opposition said that the Minister of Finance (Mr. Benson) had not been satisfied with the October budget. This is a valid observation. If he had been satisfied with it he would not have found the need for even stronger measures. The Leader of the Opposition said that the rate of inflation and the rate of unemployment were not acceptable. Inflation and unemployment are never acceptable, but in developing budgets there is a rather delicate sort of balance to be struck. You have to try and find the proper level at which you can achieve the maximum results in restraining inflation and keeping unemployment to a minimum.

In a way it is rather sad to hear these criticisms but no alternatives. It is simple to criticize when one does not have responsibility. But I think it is a most imaginative budget. It is unique in its way, and really to see the affects it might have we have to put it in balance. The hon. member for Burnaby-Seymour (Mr. Perrault) pointed this out very well.

As I understand it, and I do not mean to be redundant, the Canadian position is one of which we can be really proud because inflation is not completely within our control. We are subject to international influences, but we do have some controls and we are trying to implement them. After West Germany and Italy, we are the third country in the world in ability to control the rate of the growth of inflation—not that this is good enough or is something that should make us complacent. This is not the case at all. We must keep on working at it.

In a recent letter to the constituents in my riding, I identified my own priorities in the federal government as inflation and national unity, fighting inflation and strengthening national unity. I think this budget attacks inflation, and it very much affects national unity. National unity is very much dependent upon the economic well being of our entire country.

The Atlantic provinces and Quebec are experiencing unemployment of a particular severity, and we cannot be immune from that or insensitive to it. Some areas of the west have perennial problems which must be attacked vigorously. Those problems are now aggravated by wheat surpluses while world markets are glutted. If we want a cohesive nation we must put our money where our mouth is.

The official language bill will not solve the problems of national unity all by itself, although it is a very important measure. The measures in this budget attack regional disparity while attacking inflation. Should these measures work, even to a significant degree,

it could go down as one of the most brilliant budgets in the history of our country. There are no guarantees. There are no sure formulae. But there is a delicate balance, and the budget is imaginative. I think we could be criticized if we did nothing. The fact that we are doing things that are good and imaginative, trying to pinpoint the problems, is to the credit of the Minister of Finance. I have yet to hear of more workable solutions from hon. members opposite.

Really, Mr. Speaker, all is not gloom and doom. Our gross national product for the coming year is predicted to increase at a rate of 9 per cent. It is true that 4 per cent of this will be attributable to inflation, but our net gain, in gross national product will be 5 per cent. That is not bad. In the past 12 months unemployment has declined, but it is still too severe in many areas. In other areas, like my own and the 21 other communities affected by the deferment in the tax write-offs on non-productive construction, the strength of the economic expansion continues to aggravate the serious inflationary pressures. Construction is up 8.3 per cent, but it is up 17 per cent in the non-vital areas such as office buildings, theatres and shopping plazas, not that these are not of genuine concern in our economy but they are not the areas of greatest thrust and where the greatest need is. More of our money and effort must be directed into housing and productive industrial facilities.

There is good and there is bad, but this budget and the determination of Canadians to make it work offer genuine hope. The budget gives an indication of total direction of government policies which are beginning to emerge. In the budget we have fiscal responsibility with a budgeted surplus, and a determined attack on inflation. The acceleration of the Kennedy round tariff reductions is an indication of the willingness of the government to break its way into a period of free trade, not without reservations, not without care, but with a genuine desire to do the things that will make us a truly great international trading nation.

The delay of tax incentives on construction that is not directly productive is going to put greater emphasis on housing, and will assist expansion in the less favoured areas of the country.

Other things have taken place outside the budget, Mr. Speaker. The Prices and Incomes Commission has been established. We have the new Regional Expansion Act, the Export Development Corporation, the N.H.A. amendments and the official languages bill. All these are tied into a package of expansion and international outlook and are based on a deep concern for national unity. Soon we will have our white paper on tax reform outlining proposals for major tax reforms and increasing our dialogue with the provinces on tax matters, something which perhaps we have neglected for too great a time in the past.

As the hon. member for Burnaby-Seymour mentioned, we have the input from the Carter commission report which I hope will be reflected in the white paper on tax reform. If I might digress for a moment, Mr. Speaker, I would like to point out how my hon. friends who call themselves the effective opposition—I should say the defective opposition—accepted the Carter Commission report as the panacea, the answer to all the problems. They like to put things into neat little packages. If they do not have an answer they say, "Take Carter, take Watkins."

Sometimes we are not inclined to examine these things fully. But in going over this process of tax reform I must say I personally am beginning to realize the wisdom of many of the Carter concepts, some of which I was inclined to reject. As one looks at the complexities of our tax system, one comes to the conclusions that the Carter Commission arrived at—not all of them, but some of them. After two and a half years of sitting, the members of that commission realized it was not possible to improve our tax system—yes, possible to improve it a little, but it would be a band-aid approach. These were not wild-eyed radical men. They were sound business people, accountants, academics, and after two and a half years of trying to find a way to patch up our tax system they said it was necessary to change it. From my limited experience since I reached here, I am arriving at the same conclusion. Now, we have a genuine pattern of government policy that is beginning to emerge and that is setting the stage for the future.

• (5:00 p.m.)

As I mentioned in my address on the debate on foreign ownership, I believe the week before last, there is a need for greater attention to training in management skills. At that time I did not have sufficient time to express my concern for the lack of a cohesive science policy or what I would like to call a policy of technological improvement in which we would have a much more freewheeling and openhanded approach to development,

particularly among the smaller firms. There are some good programs under the Department of Industry, Trade and Commerce and elsewhere, but I think they are too narrow and restrictive in their outlook. We need small companies, primarily Canadian owned, which will through research and development produce products of originality in areas where we have special interests or special expertise. In this way we could have an imaginative type of Canadian based industry which would be able to find its way into the export market because of its originality, skill, expertise and good design, without the crutch of high tariffs or subsidies. This is the way we can make our country strong and increase our productivity, thus lessening the inflationary pressures.

There are other things we could do, but I shall not discuss them in this debate. When we speak of inflation many of us here, in all conscience, can speak of it with a genuine concern for improvement of the situation in respect of the senior citizens on fixed incomes.

Mr. Gilbert: Then why don't you do something about it?

Mr. Danson: I think the government has a responsibility to set the example because we have a large number of senior civil servants, not all but many of whom are suffering. I hope they will receive a great deal more attention. In closing, may I say that I think this is a responsible imaginative budget and a solid achievement. The total legislation and the legislation surrounding it which I mentioned leads in a direction with which I can identify. Really the accomplishments of this government in a period of one year have been quite remarkable, particularly when one considers some of the delays we have experienced. What we have is a pattern which I think will give some thrust to Canadian development, particularly in the areas where it is needed. It is based on Canadian needs and concerns. It is one which, gives encouragement and, I believe, hope.

Mr. Craig Stewart (Marquette): Mr. Speaker, I enter this debate on the budget because of my deep concern for western agriculture. The farmers of western Canada have waited patiently since the election of last June 25 for the Minister of Agriculture (Mr. Olson) to announce a new agricultural policy. To date we have heard of none. The farmers have waited patiently for the Minister of Industry, Trade and Commerce (Mr. Pepin) to announce new wheat sales which would get rid of the largest grain surplus in our history. To date we have heard of none. We listened last week to the Minister of Finance (Mr. Benson) when he presented his budget, fully expecting him to announce a program of assistance to western agriculture. Again there was none. Has this government no concern for western Canada? How much longer do they expect our farmers to exist under the present conditions?

I would say the cash situation in western Canada is fast approaching the deplorable conditions we saw in the 1930's, and nobody wants those days back. The western farmer was able to survive that crisis. However, today we are in another world and the farmer has greater commitments to meet, such as property taxes, hydro, telephone, fertilizer, and farm machinery. Many of these things have tripled in price and then there is the large increase in daily living costs. Yes, the farmer survived the thirties. However, unless there is immediate cash assistance to the western farmer he will not survive the life of the present Liberal government.

Most legislation this government has passed pertaining to agriculture has placed greater hardships on the family farm operation. The dairy policy subsidizes the larger producer with no subsidy for the small operator or for the farmer who is just starting a herd. This government passed a new Farm Improvement Loans Act and a new Farm Credit Corporation Act, both of which increased the interest rate by 50 per cent. If a farmer makes a loan today he is lucky if he can pay the interest, let alone the principle.

In case a farmer survives all the hurdles this government has placed in front of him, this government came up with new estate tax policies which make it most difficult to continue a family farm operation. The farm policy of this government seems to be, "We will get you either way, dead or alive." This government has to take a more aggressive attitude to finding markets for grain. Why do we not have a special trade mission set up to deal exclusively with grain and see if we can recover some of our lost markets? We are all aware of the high quality of Canadian wheat, and surely there are markets when 80 per cent of the world population goes to bed hungry every night. The government has to show leadership to the Wheat Board and make a determined effort to move the grain.

The Wheat Board has announced a five bushel quota as the maximum most delivery

points will receive in western Canada for the crop year ending July 31. The farmers cannot exist on a five bushel quota and the government must realize this. This is why I say immediate action must be taken to move grain. The agriculture committee toured western Canada in April to get a first-hand look at the serious situation. The members of the committee returned to Ottawa and agreed conditions were not good. They tabled their report to the House of Commons over a month ago, and still there is no action from the government. I have just returned from western Canada and I can assure you the businessmen of most rural communities are feeling the effects of this situation. Because of their high accounts receivable position many are having a hard time to survive.

Because the whole economy of western Canada is in jeopardy I would ask the government to seriously consider an acreage payment of $10 per acre up to a maximum of 300 acres. A program of this type could be implemented with very little delay because all the information needed is in the farmers permit book. When the government spends large sums of money in eastern Canada, like the $100 million grant to Hull, surely they could consider an acreage payment for western farmers at this time. It is the one way to alleviate the serious cash shortage in the western agriculture economy.

I was sorry there was no increase in old age pensions announced in the budget. It is a disgrace for a nation like Canada to ask her senior citizens to live on $109 a month and retain their dignity. How many members of this house could exist on $109 a month? Old age pensions should be given top priority by the government so our senior citizens can participate in our so-called just society. Everybody talks about this problem at election time but we never see any action.

I want to congratulate the Minister of Finance on presenting a balanced budget. We in the province of Manitoba have had the satisfaction of our provincial government balancing the budget, so we realize how necessary it is during inflationary times such as we have now.

Again, I stress to this government the necessity for moving western grain. I quote from an article in the Winnipeg *Tribune* of June 7:

> France has often been criticized by our government for undercutting our prices and the long lamented I.G.A., but they have shown much more initiative in disposing of their surplus stocks. This week they reached an agreement with the United Arab Republic to sell them 600,000 tons of wheat annually over a period of three years for a total of about 66,000,000 bushels, and they will make them a gift of 10,000,000 bushels.
>
> We report this for what it is worth but it seems to us that a lesson could be learned from this that might benefit Canada as a whole; in other words, markets are still open for wheat around the world—at a price.

This article is by James Richardson and Sons. The government must develop policies that will sell our surplus grain. Lack of sales has created economic hardships for our farmers which threaten their survival. In closing I repeat my appeal to the government. Immediate action is necessary in the form of acreage payments and top priority must be given to selling western grain.

• (5:10 p.m.)

Mr. John Gilbert (Broadview): Mr. Speaker, I had hoped that the Minister of Finance (Mr. Benson) would be present this afternoon, but he is probably on more important business. I had hoped that his parliamentary secretary would be here so that we could have a dialogue on the objectives that were presented in arguments presented by members on this side. The budget is more expressive in respect of what it does than in what it intended to do. The Minister of Finance has a fixation for balanced budgets, services and employment. He adopts the attitude of what a good boy am I, by patting himself on the back and suggesting he has a surplus of $250 million for the 1969-70 fiscal year. Of course, he does not mention that in solving the problem his way he is hitting hard the wrong groups within this country. He is not worried about the ordinary wage earners, the pensioners or the veterans. He actually helps the people in the upper income groups.

This really underlines the economic conservatism of the Minister of Finance, which is only surpassed by that of the Prime Minister (Mr. Trudeau) and the Secretary of State for External Affairs (Mr. Sharp). It is quite obvious that he is preaching for a call. One would think he may be preaching for a call to the other place, but really he is preaching for a call to join the corporate elite because he feels he would like to be a second Robert Winters. Robert Winters really represents the corporate elite and the Minister of Finance wants to join him. He wants to join him to protect the interests of this group.

The Minister of Finance used the phrase in the budget speech "bogeyman of inflation". The support he got from the government side makes me think that the Minister of Finance

is like Moses, leading the people out of the wilderness into the promised land. When I heard the hon. member for York West (Mr. Givens) say that this was an exciting and interesting budget speech, and when I heard the hon. member for York North (Mr. Danson) say how proud he was in respect of this particular budget speech and then proceed to make a motherhood speech in which he indicated his concern about pensioners and those people on low incomes, I could only think that last night the members of this party gave them an opportunity to express their concern. In fact, we gave all members of the Liberal party an opportunity to do so through our subamendment which stated that no income tax would be payable by single persons with incomes below $2,000 a year or married persons with incomes below $4,000 per year. They expressed their concern for the people last night by voting against the subamendment.

For this reason, I suggest these members have changed from great reformists, as they pretended in their speeches, to great apologists on the part of the government. I hope that when the hon. member for York West and other members from Toronto suburbs return to their constituencies they will report they voted against the sub-amendment, as supported by members of the Conservative party, which indicated our concern for the people in low income brackets.

When we talk about inflation one would think that the minister and government members would define what they mean by inflation. They might well say it really fits within the classical definition of too many dollars in relation to too few goods, or vice versa. They might mention that the inflation record of Canada is not bad in comparison with other countries, more especially the United Kingdom and some European countries. They might even mention that the government is using ordinary instruments in respect of fighting inflation by increasing interest rates and by creating a so-called slack in the economy, or by preaching for greater productivity.

In any event, these people fail to mention that at the moment we appear to be suffering from a conspiracy on the part of financial institutions in respect of the money market which exists in Canada and elsewhere within the world. The Minister of Finance set forth some solutions. He said to Canadians that he was not going to impose any more taxes on them but was not going to lift the two per cent social development tax he imposed last October. He also said he was going to extend by one year the 3 per cent surtax he imposed until the end of 1970. Surely, if there is any increase in tax it is with regard to that extension in respect of the surtax.

The Minister of Finance said he was going to raise $25 million in the year 1969 by holding onto that surtax, and that in 1970 he would have obtained $155 million. If I were to accept that phrase of the hon. member for York West, that this was an exciting and interesting budget, I would point out to the hon. member some of the exciting and interesting things the government might have done. The government could have implemented one of the recommendations of the Carter report which indicated that the mining and petroleum companies were getting tax advantages in respect of tax holidays and incentive taxes. When I asked the assistant deputy minister, at the time the estimates in respect of natural resources were being considered, how much money our mining and petroleum companies got out of Canada by way of tax holidays and tax incentives each year, he quoted the figure of $150 million as of 1964. This would more than take care of the decrease in revenue if the 3 per cent surtax were eliminated.

The assistant deputy minister also said that of that $150 million granted to these petroleum and mining companies, 85 per cent went to eight large companies, composed of five large mining companies and three petroleum companies. About 60 per cent of this 85 per cent relates to mining companies, and 65 per cent went to petroleum companies which are foreign owned. You can see that a substantial amount of the $150 million given by way of tax relief is going directly into the hands of foreign owners. You must realize that little or no money in this regard is going into the pockets of Canadians.

If the hon. member wants to bring forth some exciting and interesting things he might have recommended a capital gains tax. This has been advocated not only by the Carter commission but by many members within his own party. He made no mention of the control of interest rates. I understand he has said outside of the house that the interest rates in Canada are outrageous. We in this party say they are unconscionable.

We believe there is a conspiracy by financial institutions in respect of interest rates around the world. This is true when we think of N.H.A. rates which will probably increase

to 9⅜ per cent if the housing legislation is not passed, with a Bank of Canada lending rate of 7½ per cent. The prime rate of chartered banks is 8 per cent to 8½ per cent. This is in keeping with what was said by representative Wright Patman, Democratic representative, who is chairman of the Congressional banking committee.

Representative Patman is reported by the Ottawa *Citizen* of Tuesday, June 10 to have said that he urged President Nixon to withdraw government deposits from banks that raised their prime interest rates to an unprecedented 8½ per cent. The article reads:

> In a letter to the President, Patman charged the boost announced by the banks Monday was a conspiracy that threatens to force the country into a severe recession.

• (5:20 p.m.)

One would think the Minister of Finance would get together with Mr. Patman of the United States and make a concerted effort toward controlling high interest rates. But he does nothing. If he wanted to do something exciting and interesting, as the hon. member for York West (Mr. Givens) has indicated, he would attempt to roll back interest rates; he would bring forth legislation imposing foreign exchange controls. I would hope the hon. member for Windsor West (Mr. Gray), who is an authority on this subject, would use all his persuasive powers to bring forth solutions to these problems. I would hope that rather than being an apologist for the government, he would be a forerunner in this regard and urge the imposition of foreign exchange controls. He should be urging that interest rates on housing be rolled back and fixed. I am rather surprised that the avant garde member for Windsor West is not taking the active role that he should be taking in this regard.

As the second of his solutions the Minister of Finance introduced tariff changes. He seemed to obtain tremendous satisfaction in advancing the date of the removal of the tariffs under the Kennedy round; yet he says they are only marginally good. When one considers what the Economic Council of Canada has said, they really are only minor changes. This indicates how unexciting and uninteresting they are.

If the Minister of Finance had wanted his budget to be exciting and interesting he would have tackled the problem of inefficiency in industry. The Watkins report indicates that out of nine refrigerator companies in Canada, seven are American-owned and two are Canadian-owned. As a result of the tariff walls created there is no competition with regard to price; the competition is only in the realm of makes and models. One would hope the minister would have taken his gloves off and attempted to solve the problem of inefficiency in industry.

Of course, if the minister really had courage he would bring forth the Canada Development Corporation in order to solve this problem. He would attempt to amass the capital of Canadians and give industry direction and help; he would bring forward research and development as a top priority. But no, he does this fiddling thing with regard to tariff changes and does not attack the problem head on.

A third solution the minister suggested was the selective referral of depreciation allowances on commercial buildings. In his more quiet and unexpansive moments he said it will be of only marginal benefit to most Canadians. He knows that most businesses take depreciation into account as only one factor in determining whether they should proceed with building. He also realizes that with the 4 per cent rise in inflation each year, the difference of 1 per cent between the 5 per cent depreciation allowance and the 4 per cent inflation rise is not sufficiently attractive to cause companies to defer any building that may otherwise take place.

When I heard the tearful plea of the hon. member for York West who said, "Do not stop Mr. Campeau building down at the Toronto waterfront, and do not stop the Four Seasons company building a large hotel directly across from city hall", I almost pictured him preaching for a call. He probably wants to become parliamentary secretary to the Minister without Portfolio in charge of housing (Mr. Andras). We have attempted to persuade the Prime Minister (Mr. Trudeau) that there should be a full time minister of housing. We would not have any objection to the hon. member for York West being parliamentary secretary, because it would afford him an opportunity to obtain an appointment with the Prime Minister. In his speech yesterday the hon. member said he has never had an opportunity to sit down and talk things out with the Prime Minister. But he would have to go very easy on Montreal and Expo. Yesterday he drew a sharp distinction between the treatment given Montreal and Expo compared with that given Toronto and the C.N.E. exhibition. I am inclined to agree that there may be ground for complaint with regard to the unfair treatment Toronto has

received. But if the hon. member is preaching for a call, he had better walk lightly on those two touchy subjects.

If the minister had really wanted a budget that was exciting and interesting, he would have spoken about rolling back the interest rate on housing. He would have brought forth the fact that the last report of Central Mortgage and Housing Corporation indicated that as of the end of April the corporation had a decline of 57 per cent in their investment in housing across the country. He would also have indicated that as of the end of April the insurance companies had a decline of 20 per cent in their investment in housing. This is the type of thing I hoped the Minister of Finance would have dealt with and which would have been supported by the hon. member for York West. If he wanted the budget to be exciting and interesting, the hon. member for York West would have said that the Canadian Welfare Council has pointed out that we should build between 20,000 and 30,000 public housing units in Canada, and we should apply to them a low interest rate which would make them attractive. Instead of this he was strangely silent. I assume he is content with the past high interest rate and low production of public housing units.

Those are the three main areas the Minister of Finance dealt with in his budget. What is it that his budget does not do? It does little or nothing with regard to the plight of the agricultural industry. The minister made no mention of cash payments to farmers who are short of cash. He made no mention of acreage payments. I would wager my bottom dollar that when the government is prepared to make a statement on agriculture it will wait until the house recesses so that it cannot receive the criticism due to it as a result of its do-nothing policy in agriculture.

What has the minister done to solve the problem of unemployment? The unemployment figure was 4.8 per cent in 1968 and 4.8 per cent is projected for 1969. Speaking in numbers, this means between 400,000 and 450,000 people. Speaking in terms of regional unemployment, it means the unemployment rate in Ontario is 3.7 per cent; 8.4 per cent in Quebec and 10.5 per cent in the maritimes. When I hear the hon. member for York West say that anything over 6 per cent represents a serious condition, I realize he has done little or nothing to study the problem of unemployment. The Economic Council of Canada has said that anything between 2 per cent and 3 per cent represents a serious problem. If the hon. member for York West had known that, he would not have made the statement that he did. The hon. member should realize that the burden of inflation is being placed upon the backs of the unemployed of Canada. Between 20 per cent and 25 per cent of Canadians live below the poverty line; yet little or nothing has been done to solve this problem.

If the minister had wanted something really interesting and exciting in the budget he would have spoken in terms of instituting a guaranteed annual income. He would have said that people in certain areas of the country are entitled to an income which takes care of their basic needs. There may be differences with regard to different regions of Canada, but we would have set about settling those differences.

If we had a really avant garde Minister of Finance he would have spoken in terms of planned unemployment, because as we advance in technology we must advance in respect of our social concerns regarding people who are unemployed. We have to establish for them a base from which they are provided with the basic needs of society. I hope the government does not talk in terms of creating slack in the economy in order to tackle the problem of unemployment. I hope it talks in terms of a guaranteed annual income to take care of people who have been affected by the disparities within the country, and in terms of some of the problems which will occur as a result of technological advance.

• (5:30 p.m.)

One final item with which the Minister of Finance did not deal concerns the erosion of Canadian independence. The only statement on this subject in the house was that he intended to make a statement in connection with the Royal Securities Company before the session adjourns. He did not attempt to tackle this question of Canadian independence. I had the opportunity of addressing the high school students at the Eastern Commerce High School in my riding on Monday. They, themselves, drew attention to some of the facets of the Watkins report. A group of high school students is studying the report—

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member but his time has expired.

An hon. Member: Let him carry on.

Mr. Deputy Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Gilbert: Thank you, Mr. Speaker. I thank members of the house for their indulgence. These students pointed out that $34 billion of foreign capital is presently within the Canadian economy in the form of equity ownership. They appreciate the difference between the continentalism expressed by members of the cabinet and the economic nationalism which was expressed by Hon. Walter Gordon. I had to say to them that Walter Gordon is dead as far as the Liberal party is concerned. They are treating him in the same way as they treated Judy LaMarsh. One of the ways in which to treat a person who has new ideas is to ignore him. They ignored Judy LaMarsh and they are attempting to ignore Walter Gordon. Well, Mr. Gordon still makes speeches in different places pleading for economic nationalism, though I believe he appreciates some of the difficulties which arise in connection with his "buy back Canada" plan and is prepared to make changes. The only newspaper in Canada which is making an attempt to present this question to Canadian readers is the Toronto *Star* which is supporting Mr. Gordon.

I would suggest to Mr. Gordon that as far as the Liberal party is concerned he is dead. Maybe we should invite him into the New Democratic party so that he may better present his ideas on economic nationalism and foreign ownership to the Canadian people. I appreciate that Mr. Gordon represents a group in Canada which may not share the ideas of the New Democratic party. Nevertheless, in order that this subject may be directed to the attention of all Canadians, it may be that Mr. Gordon should join our party and set forth his views on foreign ownership. My suggestion to the *Star* is that one of the best ways in which to tackle foreign ownership is through an indirect approach by way of persuading Canadians to urge reform of the electoral laws of Canada. It is only when a government makes money available to members of the different parties that members of those parties can exercise independent judgment with regard to the issues which face Canada.

Liberal members, and sometimes Conservative members, find it very difficult when they receive campaign moneys from the corporate elite, to tackle those circles on the question of corporate and foreign ownership. Maybe the *Star* should embark on a crusade to reform the electoral laws in such a way as to give all members certain moneys on account of election expenses so that they are not dependent on these corporate sources for support at election time.

Mr. Bigg: Would the hon. member permit a question? Is not corporate money as honest as trade union money for election purposes?

Mr. Gilbert: Thank you. I am very glad the hon. member asked that question. He should realise that when the corporations give money for political purposes they do not ask the shareholders whether they should give the money to the Liberal party or to the Conservative party. There is no control whatsoever. But when it comes to trade union support of the New Democratic party—

An hon. Member: They must contribute.

Mr. Gilbert: —there is a voluntary check-off in respect of money given. If we study the 1965 election returns, we find that the Liberal party received $2.6 millions toward their election campaign, that the Tory party received $1.7 million and that the N.D.P. received $500,000. These are the facts according to the election returns, Mr. Speaker, and I am sure the Minister of National Revenue (Mr. Côté) would really look into the situation if they were not the correct returns, since he is very keen about collecting revenue. This is the picture, and I invite Liberal members to tell us just where they got that $2.6 million. If they did not get it from the corporate elite, from where did they get it and to whom are they responsible now they have received it? This is why I say we must change the electoral laws, and I am asking the Toronto *Star* and other newspapers across Canada to launch a campaign in order that members may not be dependent on money received from these corporations.

In closing I say again that the budget is a hoax when it comes to advancing a just society. I trust that all the Liberal members who have realized just what a hoax it is will take immediate steps to see that some of the solutions which members of the New Democratic party, and also of the Conservative party, have proposed are put into effect.

Mr. R. J. Orange (Parliamentary Secretary to the Minister of Energy, Mines and Resources): Having listened to the sermon which has just been preached by the hon. member across the way—

An hon. Member: We will listen to yours.

Mr. Orange: —I might be excused for believing that everything is wrong in Canada and that nothing is right.

Mr. Knowles (Winnipeg North Centre): Hear, hear.

Mr. Orange: The hon. member says "Hear, hear." I would remind him that in this country we have a high standard of living. Indeed, we have reached a point at which workers in some of our trades can go on strike demanding wage increases in excess of a dollar an hour.

The budget about which we have had an opportunity of thinking and talking recognizes one very basic point with regard to the development of Canada as a nation, a diverse nation which extends from the Atlantic to the Arctic and to the Pacific. It recognizes that there are regions of Canada which are disadvantaged; that there are people who suffer from lack of education and lack of economic opportunity. The budget recognizes, too, that many of our first inhabitants, the Indians and the Eskimos, have a long way to go before they reach a level of economic activity such as one might reasonably expect in Canada. The budget recognizes that there is regional disparity in Canada and I am hoping that in the implementation of the statements outlined by the Minister of Finance (Mr. Benson) and his colleague the Minister of Regional and Economic Expansion (Mr. Marchand), northern Canada can share in some of the programs and ideas which have been advanced.

• (5:40 p.m.)

I should like for a moment to outline what I believe are some of the regional disparities in that area of Canada that lies north of the 60th parallel. The basic problem in that region is the high cost of living caused by extraneous factors such as transportation costs, communications, cold and long winters and, equally important, the general lack of understanding that the rest of Canada, including some people in the financial community, have with respect to the potential of northern Canada.

We have seen in the field of housing during the past four or five years a very exciting program that has provided the Eskimo people in the north with approximately 1,000 new homes. By the end of this contruction season I would expect every Eskimo family in Canada north of the 60th parallel to have a decent standard of housing, including proper sanitation facilities and power. I might add that these houses are not gifts but are part of a rental housing program that has brought great benefit to the Eskimo communities in the north.

If I may digress for a moment, I observe the minister responsible for this particular program in the house this afternoon. In addition to saying to him that I think this was one of the great accomplishments of his ministry in Indian Affairs and Northern Development, as recognition of his services to the North, the government of the Northwest Territories is tomorrow dedicating their new office building in Yellowknife to the minister and calling it the "Arthur Laing Building".

Some hon. Members: Hear, hear.

Mr. Gilbert: When is he going to the Senate?

Mr. Orange: One of our housing problems is that in developed areas of the north, particularly in the Mackenzie valley, it is virtually impossible today to obtain funds, either through government agencies such as Central Mortgage and Housing Corporation or from financial institutions, for mortgage purposes. For example, in Yellowknife where the territorial government contracted for the construction of about 16 homes for their employees, the successful bidder, a highly respected construction company in western Canada, had at last reports still been unable to find the necessary mortgage money.

Some areas of northern Canada are presently experiencing an unparalleled economic boom, and these areas include Yellowknife, Inuvik and Hay River. However, people, including the government in certain instances as I have illustrated, are finding it increasingly difficult to obtain the necessary money to go ahead with the construction of housing in order to make the north attractive to prospective residents. The situation is getting serious and development of the north is being held back at the present time.

Another area of disparity concerns the small businessman who is attempting to create for himself his own little financial empire, be it in the form of a gas station, motel or small aircraft charter or aircraft repair company. The Industrial Development Bank has from time to time made forays into the north and provided some form of financial assistance to northern businessmen. Its terms and conditions in the north are much more stringent than is the case in the south; and, for the information of hon. members, when I refer to the south I mean that part of the country below the 60th parallel.

The Industrial Development Bank has applied these stringent conditions to the point where any small businessman who wishes to develop an idea or proposal finds it very difficult to obtain the sort of financing he requires to establish himself in business. Each of these small businesses depends, of course, on local custom and patronage, and the cumulative effect of the activities of a small business can be one of the answers to the problem of local employment.

However, there is a glimmer of hope, Mr. Speaker, and that glimmer of hope is that the Minister of Indian Affairs and Northern Development (Mr. Chrétien), in conjunction with his officials, announced last February the establishment of a small business development loan fund for businessmen in the north. The creation of such a fund is a start. According to the publicity, approximately $5 million will be provided over a period of time. In effect, the fund will provide $300,000 each to both the Yukon and Northwest Territories in any one year. Unfortunately, before the fund can be used regulations have to be promulgated and credit committees established. Consequently, it will have no direct effect on the economy in the north during the coming year.

Another area of disparity in the north is in the cost of supplying electric power. The average cost of power in a small community in the north with diesel plants in operation is about 12 cents per kilowatt hour. This means that a family in a community living in a house with three or four electrical outlets pays anywhere between $30 and $50 a month for power. Even more important is the effect of this high cost of power on the local business community. For example, in a number of communities merchants are required to pay approximately $1,000 a month on average for electric power. This means they must charge extra for their goods and services, and the people in the community are already paying high costs.

If I had time I should like to elaborate at length on the cost of electric power in the north. I should also like to speak about what I believe is the very silly provision contained in the Northern Canada Power Commission act that each of its establishments must pay its own way. There is no way of establishing a power grid and thus reducing costs in one community at the expense of a larger community or area of economic development. I hope that this legislation will soon come before parliament in order that this particular provision can be changed.

One of the criticisms of this budget is directed at the proposed 3 per cent tax on air fares. Hon. members will appreciate that the aeroplane is the mode of travel in northern Canada, just as it is in the northern areas of the provinces. I should like to put on record a telegram that is addressed to me, one of many that I have received from northern residents, which reads as follows:

• (5:50 p.m.)

The Northwest Territories Tourist Association is expressing the views of all residents of the north in asking that the proposed tax on air transportation not be levied for any transportations to or from any point north of the sixtieth parallel. We feel since air transportation is a necessity in the northern communities that the tax will be discriminatory and add to the already burdensome cost of living in the north.

With the exception of the central Arctic, air fares in the north generally have been increased. Pacific Western Air Lines Limited uses the municipal airport in downtown Edmonton. Recently, Pacific Western Air Lines added a $1 per passenger landing or takeoff fee with respect to flights beginning or ending at Edmonton Municipal Airport. At Easter time Pacific Western Air Lines increased its tariff for passengers and freight by approximately 10 per cent. The north depends almost totally on air transport; by adding to the transportation costs of the people in the north the government will be creating a situation leading to disparity. That is what the tax on air travel will do. When the minister examines the effect of this additional tax, I hope at the same time he will examine the effect the tax will have on the various regions of Canada. What effect will it have, for example, on the small mining exploration company that is working in the north? What will the tax do to the family which wishes to go south on leave or for holidays during the summer. What will be its effect on Indian people who wish to take aircraft out to their camps when they go on spring hunts. I suggest that only about 5 per cent, or at most 10 per cent, of all air traffic in the north is non-government air traffic. The net effect of this particular tax therefore will be very small.

I could talk about many other subjects, but I shall limit myself to one or two that are important. I have talked before in the house about the problems our Indian and Eskimo peoples face with respect to the price they obtain for their fur skins. I know that this matter has been studied at various times by officials in the Department of Indians Affairs

and Northern Development. The product, if we may call it that, we are here considering fluctuates greatly in price. It is most difficult to obtain. The life of the trapper and hunter is hard and often unrewarding. Notwithstanding these difficulties, these people like living in the bush or on the tundra. Our trapper incurs ever increasing costs, but he is not given the tax relief available to other producers in our economy. For instance, he must pay sales tax on his skidoo, his rifle and his gasoline. Unless we do something to stabilize the fur market and fur prices we shall perpetuate for generations to come a welfare situation. Sometimes a man goes into the bush after game and he is successful in the hunt. Yet sometimes he obtains only enough fur to pay for his trip. Not enough is left over for the support of his family. The problem lies in the wildly fluctuating prices of furs. Nevertheless, there are people who wish to continue with their trapping and hunting and they have a right to do so. We should encourage those who want to live that way to carry on with what they are doing. Some may argue that furs are luxuries and that the government should not support the fur trade. Furs may be luxuries for fashion models in Toronto, Montreal or New York, but to the trappers they are a means of support. When we develop our regional economic programs, I hope the government will look at the fur trade. Many depend on it. I hope that some device will be created as a result of which the people concerned, the Indians, Eskimos and trappers, can look forward to stable lives. They have a right to that.

In concluding, Mr. Speaker, I wish to touch on the subject of education. Notwithstanding the many excellent programs which have been introduced into the north during the last 15 years, and one could enumerate advances in education, in economic development, in economic growth as well as many other advances, the overriding necessity the government must face is the necessity of consulting the local people of the north. I am referring to those who were born in the north. I think I have previously referred to the sparkling example of the program undertaken in Frobisher Bay. The government decided to build a regional high school in that area and young people in communities 200, 500 or 700 miles from it are to attend. By and large our Eskimo people seem happy about the high school. They want their children to be educated. Many of them do not know why a high school cannot be built in their own local communities. In my hand I have a communication from the Igloolik Community Association. That community, as hon. members well know, is in the Northwest Territories. The president of the association says in his letter that the people of Igloolik disagree with the concept of having to send their children to a high school hundreds of miles away. Actually, their chief complaint is that they were not consulted about this matter. So, once again I say that consultation is most important.

I will, therefore, conclude on this note, Mr. Speaker. Although we have introduced many excellent programs into the north and although much progress is being made, we must never forget that there must be continuing consultation with those who were born in the north. I am talking about the Indian and Eskimo peoples.

Mr. Mazankowski: Mr. Speaker, may I call it six o'clock.

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

HOUSE OF COMMONS

Thursday, June 12, 1969

The house met at 2 p.m.

BUSINESS OF THE HOUSE

ORDER OF THE HOUSE RESPECTING EXTENDED FRIDAY SITTING

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, there have been certain consultations about the hours the house is to sit tomorrow. If there is general agreement perhaps we could have an order of the house stating that the house will sit for two hours tomorrow evening after private members hour. The order would be to the following effect: That if government orders Nos. 64, 75, 82 and 78 have not been disposed of earlier, after orders Nos. 1, 2, 3 and 4 relating to private bills have been disposed of, or at the end of the hour provided for private members business, whichever be earlier, the house will revert to government orders and continue to sit for two additional hours.

Perhaps that could be made an order of the house, Mr. Speaker, if hon. members are agreeable.

Mr. Frank Howard (Skeena): Mr. Speaker, it is my understanding that for the balance of the session we are to dispense with private members hour, and consideration of private bills. When we return in the fall I understand that we are to consider notices of motions and motions for the production of papers in private members hour. Is not my understanding correct?

Mr. Macdonald (Rosedale): Mr. Speaker, perhaps I could explain something. If the hon. member will examine the matter he will notice that two of the private bills are at the second reading stage and have to be referred to committee. Actually one of the private bills is now in committee. It was thought the bill might be passed and returned to the house for consideration. We will therefore require another private members day or another private members hour to deal with the remaining private members bills. Subject to that I would be quite agreeable to the stipulation with regard to notices of motions and matters relating to papers being discussed in private members hour after the adjournment if the house sits then.

Mr. Howard (Skeena): Mr. Speaker, I wonder if it might be agreeable to adopt a somewhat different procedure with regard to these particular bills. In themselves they are minor matters and of no great consequence. Our procedure has been to refer bills to standing committees. Could we not in this instance deal with them directly in the house tomorrow? That way I submit these remaining private members bills could be disposed of.

Mr. Macdonald (Rosedale): Mr. Speaker, there is one difficulty we must face: One bill is still before committee, and must be reported back.

Mr. Howard (Skeena): I see; very well.

Mr. Speaker: Hon. members have heard the suggestion of the President of the Privy Council. Is it so ordered?

Some hon. Members: Agreed.

CANADA ELECTIONS ACT—ORDER OF THE HOUSE FOR COMMITTEE STUDY, EXCLUSIVE OF ELECTION EXPENSES

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, some weeks ago, that is to say on April 1, I mentioned to the house the several matters relating to the election law that require our attention. I made a suggestion at that time as to how we might proceed in dealing with those matters. Since then the Standing Committee on Privileges and Elections has considered the possibility of introducing a system for the continuous or permanent listing of electors and on May 22 made a report on that particular matter. This means that the way is now clear for a review of the Canada Elections Act by the Standing Committee.

• (2:10 p.m.)

Hon. members know that upwards of 24 months are required between the time the act is amended extensively and the date of the writs for a general election. This means that we ought to begin the review of the act very

soon. One possibility is that the Standing Committee on Privileges and Elections will decide to hold a series of meetings this September, during the summer adjournment of the house. In commenting on my suggestion of April 1, the hon. member for Winnipeg North Centre (Mr. Knowles) proposed that to save time the matter of election expenses should be separated out and sent to a special committee. I am quite prepared to agree to that proposal and therefore would be prepared to make a separate motion, if not this week, then next week, to make that reference to a special committee.

I believe, Mr. Speaker, it will be found that there will be general agreement to a motion to refer the Canada Elections Act, exclusive of the sections relating to election expenses, to the Standing Committee on Privileges and Elections. If that expectation is correct, perhaps there could be an order to the following effect:

That the Standing Committee on Privileges and Elections be empowered to study the Canada Elections Act, exclusive of sections 62 and 63, and to report to the house such proposals as the committee may deem advisable.

Perhaps if there is general consent that could be made an order of the house.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, it is not necessary to spend much time commenting on the statement that the government house leader has made in connection with the subject of elections. Elections are a matter of great concern to all members of parliament. Indeed, in recent years some of us have had considerable experience. As a matter of fact I passed through my eighth election a year ago.

I am sure the more exposure we have to the electoral process, the more concerned we are about the great need for reform, particularly the need for carrying out more expeditiously electoral procedures.

Members of this party agree that the Canada Elections Act should be reviewed. As the government house leader has said, it is necessary to have a 24 month period between the completion of the electoral act reforms and the calling of another election. In view of the government's wavering performance, I am not sure whether we have sufficient time, but I would certainly approve of the suggestion that has been placed before this house, that this matter be referred to the Standing Committee on Privileges and Elections.

[Mr. Macdonald (Rosedale).]

I also concur in the suggestion that the subject of election expenses be considered by a separate parliamentary group. We had a report on this subject a number of years ago and there is as much expedition required in this aspect of the electoral process as in the other matters which have been mentioned.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish simply to confirm that the statement made by the minister is in accordance with an understanding that we have. We are all agreed there is urgency in reforming the Canada Elections Act. Therefore we support the motion that it now be referred to the Standing Committee on Privileges and Elections.

We are pleased that the government has accepted the suggestion that was made from this quarter, namely that the question of election expenses should be treated separately by a special parliamentary committee. We are glad to know that a motion to that effect will be made within a week, or indeed before we rise for the summer recess.

I want also to say that we approve of the proposal that one or both of these committees meet in September when the house is in recess. We support his proposal for two reasons. First, the subject matters being referred to these two committees are so important they must be dealt with when there is an opportunity to consider them adequately. Secondly, in view of the greater importance that we are now attaching to the work of committees, we believe this is a pattern that should be established. From time to time committees should meet when the house is not in session so they can devote their full time and attention to the important matters referred to them. We are happy to support the order proposed today by the President of the Privy Council (Mr. Macdonald), and we look forward to supporting the other proposal when he moves it a few days from now.

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, we are happy to state briefly that we support the motion moved by the President of the Privy Council (Mr. Macdonald) for a review of the problem of electoral expenses and its referral to the Committee on Privileges and Elections.

I am a member of that committee, Mr. Speaker, and I think that we have not been remiss in our task. However, we have not yet touched upon the question of electoral expenses. A rather expensive report, pre-

pared by a certain Mr. Barbeau, I believe, was submitted to us. I suggest that this report should be carefully considered because it surely deals with a question which should help us reform the political parties as they now exist.

Therefore, we would be happy if that matter were referred to the Committee on Privileges and Elections for consideration.

[*English*]

Mr. Speaker: Hon. members have heard the proposal advanced by the President of the Privy Council (Mr. Macdonald, Rosedale). Is it so ordered?

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

LITTLE LEAGUE WEEK ACT

MEASURE TO ENCOURAGE AND RECOGNIZE GOOD CITIZENSHIP THROUGH BASEBALL

Mr. H. E. Gray (Windsor West) moved for leave to introduce Bill No. C-206, respecting Little League Week.

Some hon. Members: Explain.

Mr. Gray: Mr. Speaker, the purpose of this bill is to designate the second week in June of each year as Little League Week in recognition of the efforts of Little League to help boys to develop qualities of good citizenship and good sportsmanship through baseball.

[*Translation*]

Little League Week, to be observed during the second week in June, will help to recognize adequately the work performed by little league baseball to promote a healthy activity and well-guided training in a sound atmosphere and with the participation of the community.

Some hon. Members: Hear, hear.

Motion agreed to, bill read the first time and ordered to be printed.

[*English*]

ORAL QUESTION PERIOD

HOUSING

REQUEST FOR ACTION ON URBAN RENEWAL—PUBLIC HOUSING GUIDELINES

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a question I would like to direct to the Minister without Portfolio in charge of housing. Could the minister advise whether or not any decision has been made by him regarding urban renewal schemes under study in the major cities of the country, of which the city of Hamilton is one? I ask this question in view of the fact that it is my understanding that St. John's, London, Sault Ste. Marie and Vancouver urban renewal schemes have been approved, which information was provided on CHCH-TV last night by Mr. Geoff Scott.

Hon. Robert K. Andras (Minister without Portfolio): Mr. Speaker, the information given last night on that telecast was not totally accurate. I have not yet approved any of these projects. I have met with several delegations, particularly last week when the mayors and municipalities convention was held in Ottawa. We discussed some of the aspects of their particular proposals and some of the aspects of the timing of decisions, and in each case delegations were encouraged by stating that some answers would be given soon. But again I confirm that no urban renewal projects in the implementation stage have yet been cut loose by me.

Mr. Eldon M. Woolliams (Calgary North): As a supplementary question, Mr. Speaker, in the light of information the minister has now given—since he said the telecast was not totally accurate, there must be some veracity to it—that a decision has been made to cancel or postpone urban renewal schemes and plans in a number of major cities, of which Toronto, Hamilton and Calgary have been mentioned, will the minister tell us why this decision was made in the light of the housing crisis facing the nation; and would he now revert to motions to make a full statement to the house and say why one member of parliament was given that information?

Mr. Andras: I do not know to which member of parliament the hon. member is referring, but no decision has been made to postpone, cancel or divert this project. It is simply a question of getting to the individual programs before me and trying to make decisions in the light of the considerations raised by the task force. In respect of the 12 municipal plans, I am looking at the details of each. Referring to the words I just used to the effect that the information given on the telecast was not totally accurate, I would clarify this by saying it was totally inaccurate.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, because of the importance of the matter, may I ask the minister whether he

thinks it will be possible before the house adjourns for the recess that an answer could be given concerning what urban renewal projects either commercial or residential will be approved or rejected.

Mr. Andras: Mr. Speaker, I will do my best to meet that deadline, but I could not give such a commitment at this time.

Mr. John Gilbert (Broadview): Mr. Speaker, may I ask the minister whether he will make a statement in the house before we adjourn setting forth the guidelines with regard to public housing projects.

Mr. Andras: I answered that question the other day. I would say it is very unlikely that I will be able to be precise about the guidelines to be established, for the very reason I stated when I opened the debate on second reading and for the reason that we are now consulting with the provincial ministers to determine what their views are. When this negotiation and consultation is completed I will be informing all members of the house of the various criteria.

Mr. Woolliams: Mr. Speaker, would the minister assure the house that on motions before the house adjourns he will make a full statement, because there has been some suggestion that this will be held back until the house adjourns.

Mr. Andras: I think I have already covered that point. If it is possible to reach decisions on all the projects and form criteria I will make the statement before the house adjourns, but I cannot make such a commitment now since I must consult with all the parties concerned with each renewal project.

DOMINION-PROVINCIAL CONFERENCE

LIMITATIONS ON COST-SHARING PROGRAMS THROUGH VETO POWERS OF SENATORIAL REGIONS—DAILY AND POST-CONFERENCE REPORTS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I should like to direct a question to the Acting Prime Minister regarding the statements to be found in the press and supposedly emanating from official sources that the government proposes to set limitations on the policy of Canada with regard to entering into cost-sharing programs. I wish to ask the Acting Prime Minister if he will assure the house that no firm commitment will be made by the government of Canada until there is an opportunity for full discussion and debate in the house.

[Mr. Winch.]

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I would hesitate to make a commitment or give assurance relating to the continuing discussions which are now going in progress. It is inevitable I suppose that there will be some speculation about what is or is not being discussed and who said what, but I think it would be unwise and inappropriate while these discussions are continuing—and they will be continuing this afternoon—to try to comment on them here.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I ask whether the government proposes to establish four senatorial regions in Canada and that any two of them would have veto power over cost-sharing programs initiated by this parliament.

Mr. Drury: The answer to the question whether this is being discussed I think would be the same as my first answer. Members of the house have been and indeed are curious to know what is being discussed, but I think the purpose of these discussions is better served if they are continued in private. I hope we shall all be patient and await the report after the conclusion of the discussions.

Mr. Douglas (Nanaimo-Cowichan-The Islands): In view of the minister's quite accurate statement that the house is concerned about what is being discussed and curious when they see the press reports, may I ask the Acting Prime Minister whether a statement will be made by the government when the conference is over outlining the proposals that have been placed before the provinces, and what reception these proposals have received.

Mr. Drury: Mr. Speaker, I think it is safe to say that the conference will this afternoon be devoting some time and thought to making an appropriate report on their discussions.

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I should like to direct my question to the Acting Prime Minister. Because the propositions that have been discussed at this conference must have been decided by the cabinet, and are known to the government as government policy, I should like to ask whether the proposition which has been suggested by the government at this conference, to provide a veto on all cost-shared programs, includes retroactive action on programs such as medicare, which have not yet started, and opposed to which are provinces considerably in excess of the two senatorial districts required?

Mr. Drury: Mr. Speaker, we have a program known as medicare which is now the law of the land and is coming into operation progressively across Canada. I was not able to grasp some of the subtleties of the hon. member's theme, but I think he can rest assured that medicare is and will continue to be progressively in effect.

Mr. Hees: Mr. Speaker, I will repeat my question slowly and patiently. I asked whether the propositions contained any retroactive program dealing with programs such as medicare, which have not yet come into operation, and which are opposed by provinces considerably in excess of the two senatorial districts required for veto. That is my question.

Mr. Drury: Mr. Speaker, I can only say that the hon. member is putting forward a speculative hypothesis about senatorial vetoes, and it would be inappropriate for me to comment on this.

Mr. Hees: On a point of order, Mr. Speaker. This is simply what the Prime Minister announced yesterday afternoon. I am sure the minister must be at least aware of that.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, there is nothing subtle in what I am about to ask. In view of the fact that so many statements are emanating from the so called responsible and usually reliable sources as to what is going on, I am wondering whether the minister would bring to the Prime Minister's attention the appropriateness of having a statement made each day that the following matters were not dealt with, so that the House of Commons would at least have an idea as to what is going on in respect of a matter, information with respect to which is being denied to parliament and the people of Canada? I am wondering whether the minister would consider removing this from the field of uncertainty by making a statement about or a list of these things each day?

Mr. Drury: Mr. Speaker, I would be glad to convey the suggestion to the Prime Minister.

[*Translation*]

HOUSE OF COMMONS

PAYMENT OF SEVEN PER CENT BONUS TO BILINGUAL STAFF

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to put a question to the President of the Privy Council.

We have recently been advised of the payment of a 7 per cent bonus to the bilingual secretaries of hon. members.

Is the government also considering the possibility of paying that bonus to the bilingual employees of the House of Commons, the guides, the guards and all the employees of the House of Commons who must use both languages?

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, the decision of the government was to grant the bilingual secretaries of the House of Commons the same rights as the secretaries in the Public Service. No other decision has been taken up to now.

Mr. Caouette: Mr. Speaker, I understand that no decision has been taken, but is consideration presently given to granting the same rights and privileges to the House of Commons employees, such as watchmen, guides, etc.?

Mr. Macdonald (Rosedale): That is doubtful, Mr. Speaker.

[*Later:*]

Mr. Henry Latulippe (Compton): Mr. Speaker, I have a question for the President of the Privy Council.

Would he advise the house why bilingual employees, such as guards, should not receive the same treatment as other bilingual civil servants?

Mr. Speaker: I would remind the hon. member that the question was asked a few moments ago.

[*English*]

CONSUMER AFFAIRS

LUMBER—APPLICABILITY OF LOWER PRICES TO HOME CONSTRUCTION

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, in view of the rather spectacular decrease in the price of British Columbia lumber, I wonder whether the Minister of Consumer and Corporate Affairs is in a position to advise the house that he has been able to ascertain or to assure himself that such decline in prices will be passed on to those people using British Columbia lumber in the construction of homes?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I think the hon. member is well aware of the operation of the Combines Investigation Act.

Naturally, the officials of the department and the Director of Investigation and Research under the Combines Investigation Act will be fulfilling their statutory duties to ensure that we have a competitive market in Canada.

Mr. Lambert (Edmonton West): A supplementary question, Mr. Speaker. Is the minister in a position to give the house the same assurance as he did with regard to any price reductions that would follow the Kennedy Round negotiations, when he stated he would do everything in his power to see that these were passed on for the benefit of consumers?

Mr. Basford: Mr. Speaker, I did say I was having discussions and that I hoped to have more to say later on this subject.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, would the minister not revert to the open and frank person he used to be before he became a cabinet minister, and admit to the house that he cannot do anything at all in this matter?

CANADIAN BROADCASTING CORPORATION

REQUEST FOR RELIEF FROM ANTI-AMERICAN PROGRAMMING

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Secretary of State. In view of the bill which was given first reading this afternoon, presented by the Parliamentary Secretary to the Minister of Finance, the hon. member for Windsor West (Mr. Gray), which points out the great interest in commemorative weeks for special events, would the Secretary of State request the Canadian Broadcasting Corporation to put aside one week a year for no anti-American propaganda—just one week?

EXTERNAL AFFAIRS

INTIMIDATION BY MEMBERS OF GREEK COMMUNITY OPPOSING MILITARY DICTATORSHIP

Mr. David Lewis (York South): Mr. Speaker, I should like to address a question to the Acting Secretary of State for External Affairs, who may be the same person as the Acting Prime Minister. I address the question to him in both capacities, and ask if he can inform the house whether the government has been made aware of charges of intimidation by members of the Greek community in Canada who oppose the military dictatorship in Greece, and whether the government has investigated or is investigating these charges.

[Mr. Basford.]

Mr. Speaker: Order, please. The hon. member will remember that the question was asked yesterday in similar terms and it was suggested that this very important matter might be considered more fully at the time of adjournment.

Mr. Lewis: With respect, Mr. Speaker, I looked carefully at the question asked yesterday and it merely asked whether the minister had information about this matter, that is, whether the information has been conveyed to him by Nicholas Skoulas. I very carefully asked not only whether he has been made aware of these charges but whether the matter is being investigated. I wanted to follow this question by asking one or two other questions related to this very important matter.

Mr. Speaker: Order, please. The hon. member for—

NATO—CONSIDERATION BY COUNCIL OF DESTRUCTION OF DEMOCRACY IN GREECE

Mr. David Lewis (York South): Mr. Speaker, may I ask another question on the subject? I ask the Acting Secretary of State for External Affairs whether the government has considered the question of the violation of the NATO treaty through the destruction of the democratic process by the present military government in Greece, and whether the government will undertake to bring this matter before the NATO council at the earliest opportunity.

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, the problem the hon. gentleman has outlined has been examined, and it has not been felt that any useful purpose would be served, in the interests both of democracy and of NATO, to raise it for formal discussion at a NATO council meeting.

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I rise on a point of order. The President of the Treasury Board is answering questions as Acting Prime Minister, whereas according to the seniority list which was distributed showing which ministers are to be in the house the Minister of Manpower and Immigration is the senior minister. We would like to know whether the ministry does not know who is senior, or what has caused the confusion? Could we not have the proper Acting Prime Minister answering these questions, or is he too shy to do so?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): On a question of privilege, Mr. Speaker, I want to assure my hon. friend that I never aspired to being an Acting Prime Minister.

Mr. Speaker: Order, please. May I suggest to the hon. member and the minister that there is neither a point of order nor a question of privilege in the point raised.

Mr. Hees: Mr. Speaker, I think it is in order to ask that the senior officer of the house, the Acting Prime Minister, answer these questions.

Mr. Speaker: Order, please. That is not my interpretation of what is in order.

Mr. Hees: Then why have we been given the pecking order? You had better revise the pecking order, boys, because you are all out of place.

CLEMENCY PLEA FOR POLITICAL PRISONER ALEXANDOROS PANAGOULIS

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I have a question supplementary to that asked by the hon. member for York South. It is directed to the Acting Secretary of State for External Affairs. Will the government consider joining with the Pope and many others in pleading for clemency for one Alexandoros Panagoulis, who was condemned to death in Greece, recently escaped from custody and was recaptured, and who is regarded by many people in Greece and elsewhere as symbolizing the spirit of freedom in Greece but is a political prisoner in that country?

Hon. C. M. Drury (President of the Treasury Board): I would be glad to have this matter looked into, Mr. Speaker.

Mr. Baldwin: Don't make it post mortem.

VETERANS AFFAIRS

INCREASE IN ALLOWANCES TO COMPENSATE FOR INCREASED LIVING COSTS

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I should like to address a question to the Minister of Veterans Affairs and ask whether it is the intention of the government to increase war veterans allowances in the near future to compensate for the rise in the cost of living, and to make such increases automatic in the future, similar to the system which provides increases under old age security and the Canada Pension Plan.

Mr. Speaker: Order, please. It seems to me that this very question was asked just a few days ago.

TELEVISION

C.R.T.C. PROCEDURE IN ADVERTISING PUBLIC HEARINGS

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I wish to direct a question to the Secretary of State in connection with procedures being followed by the C.R.T.C. in advertising public hearings. In an advertisement published in the Edmonton *Journal* on May 30, the C.R.T.C. set a deadline of May 29 for petitions opposing the granting of a French language educational licence to the C.B.C. in Edmonton. Since the advertisement was published a day after the deadline, it was impossible for anyone to meet the deadline.

Mr. Speaker: Order, please. The hon. member should ask a question. I think his preamble is much too long.

Mr. Paproski: Thank you, Mr. Speaker, but this is a serious matter and I would ask the minister to look into it and see whether the procedure was followed deliberately to stifle opposition to the granting of the licence, and whether there was collusion between the C.B.C. and the C.R.T.C. on this matter.

Mr. Speaker: Order, please. That is not a question; it is an argument. The hon. member has made a representation to the minister and has to assume that it will be taken into account.

NORTHWEST TERRITORIES

REQUEST FOR STATEMENT RESPECTING SELF-GOVERNMENT

Mr. Frank Howard (Skeena): Mr. Speaker, I would like to direct a question to the Minister of Indian Affairs and Northern Development. On January 21 the minister said he would be making early in February a statement about self-government in the Northwest Territories; in February he said it would be made in a few weeks; at the end of April he said it would be made soon. I wonder whether the minister can tell us which is going to come first, the statement about the Territories or his following Paul Hellyer.

Inquiries of the Ministry

CONSUMER AFFAIRS

BEEF—INQUIRIES BY ADVISORY COUNCIL AND COMBINES BRANCH RESPECTING PRICE INCREASES

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to ask a question of the Minister of Consumer and Corporate Affairs. I ask him whether in view of the conflicting statements made by the Minister of Agriculture for the province of Ontario, and statements made by the minister in the house concerning the very serious rise in the retail price of beef, he will refer this matter to the Consumers Advisory Council for their investigation and study.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I really do not think it is a matter that should be referred to an advisory council such as the Consumers Advisory Council. What I really said was that consumers should exercise their freedom of choice within the market, and if things were too expensive they should stop buying them. I think this is sound advice to give to consumers, and is the operation of the free market economy about which so many people brag all the time.

Mr. Eldon M. Woolliams (Calgary North): I have a supplementary question, Mr. Speaker. I should like to ask the minister whether he has given some thought to having the combines investigation branch look into the chain stores to find out whether there is a monopoly on beef because of the wide spread between what the producer is getting and what the consumer is paying for it.

Mr. Basford: I will be delighted to refer the question of the hon. member to the Director of Investigation and Research under the Combines Investigation Act, but I think he can take it for granted that matters of this sort are constantly under surveillance.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): In view of the fact that there is a good deal of evidence that some exploitation is going on in the rapid increase in the price of beef, may I ask the minister whether his department has made any investigation of this matter and if he can tell the house whether or not in the opinion of his department these increases are justified.

Mr. Basford: With regard to the first part of the hon. member's question, if he has evidence which I do not have, I wish he would send it along to me.

[Mr. Howard (Skeena).]

With regard to the second part of the question, I will repeat the answer which I gave previously, that the hon. member can rest assured that the officers of my department and of the combines investigation branch watch situations such as this very carefully to make sure that there is no collusion, price fixing or any conspiracy. I also indicated in the house last Thursday, particularly in one situation which is quite unusual, that my inspectors in British Columbia were maintaining a particular and specific surveillance of price movements and that I was quite prepared to name any of the people who, in the view of my inspectors, appeared to be gouging consumers.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I have a further supplementary question, Mr. Speaker. In view of the considerable sum of money which taxpayers are paying to maintain a Department of Consumer and Corporate Affairs, does the minister think that they are getting value when all the minister can tell us is that the housewives should boycott the butcher shops?

Mr. Speaker: Order, please.

Mr. McGrath: I have a further supplementary question, Mr. Speaker. Is the minister not aware of the statement made by the president of the Ontario Beef Producers Association that such a boycott of beef as proposed by the minister—

Mr. Speaker: Order, please. The hon. member should ask a question, not make an argument. If he wishes to ask whether or not the minister is aware of a statement, I submit this is not the proper form of the question.

Mr. McGrath: Mr. Speaker, perhaps I can rephrase my question by asking the minister whether it is not a fact that a boycott of beef products in Canada at this time would result in a greater shortage on the market, and hence have the opposite result of sending the prices up still higher.

Mr. Speaker: This is an argument, not a question.

WATER RESOURCES

OKANAGAN VALLEY WATER BASIN STUDY

Mr. Bruce Howard (Okanagan Boundary): I have a question for the Minister Without Portfolio in charge of energy, mines and resources in connection with the comprehensive water basin study in the Okanagan valley. I should like to ask the minister whether

he could advise the house when the agreement between British Columbia and the federal government will be signed, and whether or not it is necessary to wait for the signing of that agreement before the study can commence.

Mr. Speaker: Order, please. I doubt whether this is a matter of urgency. It is difficult for the Chair to make that judgment, but I think it is the type of question which might well be considered at the time of adjournment.

VETERANS AFFAIRS

COMMITTEE MEETINGS DURING SUMMER RECESS TO STUDY WOODS REPORT

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the hon. member for Ottawa West. I believe my question is in order because it relates exclusively to the hon. member's role as chairman of the Standing Committee on Veterans Affairs. In view of the fact that it now appears that the Woods report will not be studied by his committee in June, will the hon. member consider making the necessary arrangements so that the committee can meet during the recess to consider this important matter?

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I understand that consideration has been given to that suggestion.

POST OFFICE DEPARTMENT

RECLASSIFICATION OF RATES AS REQUESTED BY ROYAL CANADIAN LEGION

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I have a question for the Minister of Communications. Would he be prepared to amend his answer to my question of May 27 as reported at page 9100 of *Hansard* with regard to the reclassification of postal rates on Royal Canadian Legion publications, in view of the clarification of the facts outlined to him from the dominion command of the Legion?

Hon. Eric W. Kierans (Minister of Communications and Postmaster General): We have replied to that letter and our position remains exactly the same.

Mr. Marshall: I have a supplementary question, Mr. Speaker. Would the minister now consider making reparations to the Canadian Legion on the same basis as he has promised to such publications as *Le Devoir* and *L'Evangeline*?

SPORTS

HOCKEY—GAME BETWEEN CANADIAN AND RUSSIAN TEAMS

Mr. John Gilbert (Broadview): My question is directed to the Minister of National Health and Welfare. In view of the recent Gallup poll indication that the majority of Canadians would like to see a hockey match between a Canadian professional team and a Russian hockey team, would he use his good offices to persuade the president of the National Hockey League to extend an invitation for a hockey game next fall?

Mr. Speaker: Order, please. I doubt whether the question is one of urgency. The hon. member has made a submission to the minister.

INDIAN ACT

REQUEST FOR OPPORTUNITY TO DISCUSS AMENDMENTS

Mr. Paul Yewchuk (Athabasca): My question is directed to the Minister of Indian Affairs and Northern Development. In view of the many statements he has made concerning the time of announcement of his decision regarding the new Indian Act, I wonder if he could tell the house when he expects to make this announcement and whether he plans to do it soon enough to give the house an opportunity to debate his suggestions when he does make them.

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I have already said that I intended to make this statement between June 15 and 27, and I do not mean to change my mind.

[*English*]

EXTERNAL AFFAIRS

DISCUSSIONS IN SCANDINAVIAN COUNTRIES BETWEEN MINISTER AND MAINLAND CHINA REPRESENTATIVES

Hon. George Hees (Prince Edward-Hastings): I have a question for the Acting Secretary of State for External Affairs. I wish to ask him whether he can bring the house up to date on the drama which is being enacted in the Scandinavian countries these days and tell us whether the Secretary of State for External Affairs is receiving even the slightest encouragement from very junior representatives of Red China who have deigned to meet him to discuss his one-sided love affair with Communist China.

Inquiries of the Ministry

Mr. Speaker: Order, please. I suggest to the hon. member that the question in this form is not acceptable.

CONSUMER AFFAIRS

REQUEST FOR RECONVENING OF COMMITTEE

Mr. Max Saltsman (Waterloo): I should like to direct my question to the Minister of Consumer and Corporate Affairs and ask him whether, in view of his interest in rising prices, it is his intention to reconvene the Consumer Affairs Committee which we had formerly, and if so when he intends to announce this.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): I suggest that the hon. member watch the order paper carefully in the next few days.

FAILURE TO APPOINT PRICES AND INCOMES COMMISSION MEMBERS

Mrs. Grace MacInnis (Vancouver-Kingsway): I have a question for the Minister of Consumer and Corporate Affairs. Can the minister indicate to the house what alternatives he is considering in view of the fact that academic economists across Canada are not interested in his prices and incomes commission and are rejecting salary offers of approximately $25,000 a year.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): I have not found that, and the information of the hon. member is not my information.

NATIONAL DEFENCE

REQUEST FOR TABLING OF WHITE PAPER ON POLICY CHANGES

Hon. J. A. MacLean (Malpeque): I should like to direct a question to the Acting Prime Minister in his capacity as Acting Minister of National Defence. Is it the intention of the government tomorrow or at least before the end of June to table a white paper or make any other detailed statement on the effects and details of recent changes in defence policy?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I am not Acting Minister of National Defence today. The Minister of National Defence is not in the house today but he will be here tomorrow.

Mr. Thomas M. Bell (Saint John-Lancaster): I have a supplementary question concerning acting ministers in attendance in the house. Does the minister realize that he should not even be here today?

[Mr. Hees.]

IMMIGRATION

ADMISSIONS FROM EUROPE AFFECTED BY RESTRICTIVE REGULATIONS

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I have a question for the Minister of Manpower and Immigration. In the light of recent figures published by his department which show a continued and substantial decline in the number of immigrants admitted to Canada from Europe, will the government review its present regulations to see whether the decline does not indicate that the regulations are unduly restrictive?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): The regulations are under review. One of the purposes of the original regulations was to relate to some extent the employment opportunities in Canada to the flow of immigration. There has been a drop in our intake in the first months of this year, but because of the improved situation in Canada we are considering various measures or administrative steps by which we can increase the flow.

DRUGS

RESTRICTIONS TO PREVENT SALES INVOLVING RISK TO PATIENTS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): May I direct a question to the Minister of National Health and Welfare. Some time ago the minister undertook to have his department get in touch with the food and drug administration in the United States regarding some 78 drugs which have been banned by that organization because they might expose the patient to unnecessary risks. I wonder whether the minister's department now has the necessary information and whether any steps are being taken in Canada to make absolutely sure that those drugs are not being sold here if, in the minister's opinion, they constitute a risk to the patient.

Mr. Speaker: Order, please.

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I believe the hon. member had a motion to table certain documents. We have been in touch with his office, and subject to reservations tabled the documents yesterday. I think they give

the full answer for which the hon. member is looking.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question. The documents do not answer the major question, which is whether or not these drugs that have been banned in the United States are still being used in Canada, and if an investigation is being made to see whether or not they should be circulating in Canada.

Mr. Munro: Mr. Speaker, my understanding is that the drugs have not as yet been banned in the United States. I understand what has happened is that the manufacturers have been asked to substantiate the claims they make for the drugs, and therefore they are under review. However, I will check into the matter and report to the hon. member.

[*Translation*]

HEALTH AND WELFARE

MEDICARE—ARRANGEMENTS TO SET UP PROGRAM IN QUEBEC

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I would like to put a question to the Minister of National Health and Welfare.

Could he tell us whether, during the federal-provincial conference, taxation arrangements have been made between the federal government and the province of Quebec to enable that province to establish its own health insurance plan?

[*English*]

Hon. John C. Munro (Minister of National Health and Welfare): I do not believe so, Mr. Speaker.

AGRICULTURE

DAIRYING—TRANSFER OF WESTERN QUOTAS TO EASTERN CANADA

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Minister of Agriculture. In view of the deepening crisis in the agricultural industry on the prairies, would the minister take immediate steps under the Canadian dairy policy to halt the growing movement of western dairy quotas to eastern Canada so that at least the western provinces will retain sufficient quotas to take care of their own butterfat consumption needs?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I answered this question a few days ago.

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baldwin: Mr. Speaker, might I be permitted to ask the President of the Privy Council, as house leader, about the business for tomorrow and for next week?

Mr. Macdonald (Rosedale): Yes, Mr. Speaker. For tomorrow the business will be as indicated in the order the house made earlier; that is to say, the first item, item 64, third reading of Bill C-184 with respect to Canada Telesat; next, No. 75, the report stage of Bill C-192 with respect to the National Housing Act; No. 82, Bill C-201, the report and third reading stages of the second bill with regard to the National Housing Act and No. 78, Bill C-195, report and third reading stages of the Fisheries Improvement Loans Act.

Monday and Tuesday will be allotted days under the auspices of the opposition. On Wednesday, if at that time agreement has been reached so that an allotted day would not be necessary, we would expect to call the report stage of the official languages bill. At the present time it would appear that Thursday will be an allotted day.

Perhaps I might suggest that the house watch this spot for further announcements about possible extension of sitting hours.

GOVERNMENT ORDERS

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, June 11, consideration of the motion of Hon. E. J. Benson (Minister of Finance) that this house approves in general the budgetary policy of the government, and the amendment thereto of Mr. Lambert (Edmonton West) (p. 9880).

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I am pleased to have the opportunity of participating in this debate on the second budget with which the house has been presented this session. While the budget introduced last Tuesday may be encouraging to some in that it does give some indication of fiscal management, it has been termed by others as discriminative, unrealistic and impractical. In short, it lacks a comprehensive approach to the basic issues which face this country—poverty, rising interest rates, the serious conditions in agriculture, and the

continuance of high taxation which every year takes a greater portion of one's gross income.

There is growing reason to believe that the back of the Canadian taxpayer is nearing the breaking point, and that generally all taxpayers are thoroughly fed up by the demands of all levels of government. There is going to be a $250 million surplus, at the expense of the average taxpayer. This may be well and good, but where in this budget is any relief in sight for the average taxpayer? Where is there any positive aid for our aged, for those unfortunates on fixed pensions or incomes? Where is any positive measure to overcome the problems of housing, of regional disparity, to abate the ever-increasing prevalence of welfare and to relieve the ever-increasing crisis in agriculture?

I presume that the selective measures chosen by the minister are aimed at encouraging areas of slow growth. However, how will these areas be defined? What criterion will be used? Are we looking strictly at the large urban areas and overlooking the small rural centres which also deserve consideration? I hope not, but I am afraid that we are.

According to the budget the province of Alberta is a have province. This may be true so far as the cities of Edmonton and Calgary are concerned, but the rural areas of that province are a different matter. The tax penalty that the minister is proposing to levy on certain areas deserves an explanation from the minister, who is singling out cities like Edmonton and Calgary while allowing places like Montreal and Quebec City to go scot-free. It is particularly ironic in the case of Montreal, on whose behalf the minister decided to wipe out the Expo debt of $125 million. Why should Edmonton be slapped down for its initiative, its growth, its economic stability, its excellent labour picture and exciting future? The 22 centres in Alberta, British Columbia and Ontario that are suffering this injustice have just as many problems as the major centres in the other seven provinces, particularly when compared with Quebec which has a population almost four times that of Alberta.

If I may turn to the problems of rural Canada, particularly in western Canada, I should like to point out that with the continuing deterioration in the agricultural industry, which correspondingly has had an adverse effect on our rural towns, we are experiencing a mass migration into the cities of Edmonton and Calgary, a mass migration not of choice but of necessity. If some positive measures are not instituted soon in these rural areas we will end up being a province of two cities. We already have more than one half of our people living in these two centres, and their population is increasing at a rapid pace.

This is one of my main reasons for rising to participate in this debate, to draw the attention of the minister and the government to the glaring omission of even token consideration of the present unprecedented crisis in western agriculture and the decline and abandonment of rural centres in the west. I am sorry to say that in this regard we do not seem to be getting too much assistance from the Minister of Regional Economic Expansion (Mr. Marchand). It seems that most of the aid is going to eastern Canada and Quebec. We require some alternative employment to enable the people in the rural centres in my part of the country to earn a living. Certainly one would have thought that in this political era of participation and dialogue an imaginative and sensible program might have been brought forward to curtail the serious deterioration in the western farm economy. We expected that out of all the submissions and briefs presented, the task force reviews and conferences that have been held, some form of emergency relief would emerge.

• (3:00 p.m.)

The wheat situation has not improved. Country elevators are full. Farm storage facilities are filled. There is no cash. The banks are commencing foreclosures on land and machinery. Finance companies are pressing for payments which were extended from last fall. There is a general climate of chaos and apprehension among the people of my area, many of whom are unable to meet their public utility bills. The most optimistic quota we can look forward to is five bushels for this crop year, the result being that most farmers will have to provide themselves with additional storage facilities for this fall's harvest.

Where will the money come from for this construction, Mr. Speaker? If conditions do not improve the majority of farmers will not be eligible for cash advances this fall because they will not have cleared their previous advances. They will not be marketing grain. As a result the provision of storage facilities will become a serious problem. I think the government should institute immediately a program of storage payments for farm stored grain or some alternative program in order to provide assistance for construction of storage

facilities. Better still, I think the government ought to get off its fat butt and market grain.

Another sore spot in the western farm economy is the present dairy policy and the administration of that policy. The establishment of minimum subsidy levels has imposed a severe hardship on many low income families on the prairies. We are told that this policy was instituted to encourage large, viable producers. That is a confirmed Liberal philosophy aimed at promoting bigness. I simply say this, Mr. Speaker. For years many of our small farmers depended on a few milk cows for groceries on the table and the necessary clothing for the children. By raising the minimum subsidy level the commission will not stop production by these farmers. They cannot stop producing; if they do, they will have to stop eating.

What is happening, one may ask? Many farmers, as a result of tough luck, a break in communication with the Canadian Dairy Commission or simple lack of knowledge, fall below the 420-pound level of production of butterfat in any given year and are disqualified as eligible producers. They cannot be re-established as eligible producers unless they buy a herd with a quota of 3,500 pounds. A herd of this size represents a sizeable investment in livestock, machinery and ancillary equipment vital to the operation. Furthermore, the majority of cream producers in western Canada are far below that level of production. So, as I say, our farmers must purchase herds with requisite quotas and transfer those quotas. The red tape encountered in transferring quotas is most frustrating; the results of applications are uncertain and this is a most questionable procedure. The red tape our farmers have to encounter in transferring quotas constitutes another form of discrimination.

And where are these quotas, the property of the Canadian Dairy Commission, being reallocated, Mr. Speaker—and please remember that the dairy commission has been created to assist farmers? Where else but in Quebec and Ontario. Those quotas have been given to the milk producers in those provinces. So we have the situation that in western Canada creameries are threatening to close because of decreased shipments while at the same time we are seeing a huge build-up of skim milk powder in Quebec and Ontario. And the closing of creameries is another severe blow to rural towns.

I am told that the Minister of Industry, Trade and Commerce (Mr. Pepin) has been trying desperately to market this skim milk powder at fire sale prices. He has failed in that field just as he has failed with wheat. Skim milk powder production has increased by 75 per cent since 1965 and each year the government is called on to purchase more of it. In 1967 the Canadian Dairy Commission purchased 101 million pounds and subsidized the private export of 53 million pounds. In 1968 the Canadian Dairy Commission purchased 200 million pounds of skim milk powder and subsidized the private export of 22 million pounds. It is clear that we have a total surplus of 222 million pounds. This government policy is being carried out while world stocks are at an all-time high. The result of that policy is that the Canadian Dairy Commission has lost about 15 cents per pound on sales. It has bought for 20 cents per pound and sold for 5 cents per pound on export markets.

In formulating present dairy policy the government has written off prairie cream producers. There can never be a clearer cut case of discrimination than we have here. I believe there is a place for the producer of farm separated cream in an equitable dairy policy. Furthermore, there is a place on the prairies for the dairy industry. I am sure that by discriminating against these producers the dairy commission will create more problems than it will solve in the over-all production of dairy products in Canada. By doing a little arithmetic one can easily calculate that the loss on skim milk powder is $33 million, and that figure does not take into account transportation and storage costs.

I strongly urge the dairy commission to look again at where its policy is leading us. If the program is designed to pacify producers in Quebec and Ontario, it is living up to its commitment. On the other hand, if that policy is designed to create a just society with equal opportunities for all, no matter whether they live in the maritimes, central or western Canada, one can only conclude that the policy is being abused. By utilizing the arts of gerrymandering, trickery and deception the government has created and is administering an invidious policy. I think it ought to be possible for anyone producing 300 pounds of butterfat to qualify for a subsidy and I think there is merit in the idea of removing the minimum ceiling altogether. Present regulations make it impossible for a young farmer or small operator to go into business by buying a 3,500 pound production unit which may consist of about 15 cows plus machinery and housing. Entering business on this scale

involves major capital expenditures which many of our young farmers cannot afford.

Many prairie farmers today who are desperately searching for cash are selling five gallon cans of cream for $9.45. Those with subsidy quotas realize an average of $14.80 for the same quantity of cream. Is that fair, Mr. Speaker? I say it is definitely not fair. Nevertheless, when one needs food for the table and clothes for the children one tends to overlook this discouraging inequity and carry on producing.

In the light of existing conditions in the west and with the government giving us no consideration we often hear of western separation and alienation. One cannot be surprised to hear these things. This government's national policies and the Canadian Dairy Commission's policies are not helping to dispel this sort of talk.

About 700 farmers threatened, at a recent gathering in St. Paul, Alberta, to march on the nearest welfare office in search of financial assistance if their demands were not met. I was in touch with those farmers last week and was advised that neither the Minister of Agriculture (Mr. Olson) nor the Prime Minister (Mr. Trudeau) have as yet even acknowledged receipt of the brief that was sent. I can assure you, Mr. Speaker, that we have not heard the last from this group. They are desperate, being the victims of poor weather, poor government and poor marketing policies. They are the victims of economic injustice brought about by lack of flexible government policies. Those policies control their destinies. They are the victims of misfortune. In providing or considering emergency assistance, the government is ignoring these people.

I now wish to comment about the price of beef. It is unfortunate that some are criticizing the farmer for the high price of beef. Beef is the only commodity at present which returns a fair price to the farmer.

Some hon. Members: Hear, hear.

Mr. Mazankowski: I am somewhat disturbed to hear the Minister of Consumer and Corporate Affairs (Mr. Basford) and other hon. members magnify the price of beef on the hoof. Yesterday, for example, choice steers were being sold in Calgary for $33 per hundredweight, a far cry from the $38 that has been publicized in the press and in this house.

An hon. Member: Shame.

[Mr. Mazankowski.]

Mr. Woolliams: Beef is $1.50 a pound at some markets.

Mr. Mazankowski: The price of slaughtered beef recently reached a figure between $29 and $30. The increase of $3 per hundredweight represents a 10 per cent increase to the consumer and not the 25 per cent increase that has been publicized in some quarters. Meanwhile, meat prices in the stores have risen by 40 per cent.

• (3:10 p.m.)

I merely want to point out that the producer is not gaining in this spiral. It is the middleman somewhere along the way to the consumer who is taking advantage of the situation. I also point out that the figures I used are prices for choice steers. The majority sold for slaughter are medium to good and realize somewhere between $30 and $32 per hundredweight. I am sure I do not have to remind hon. members that when you walk into a store to purchase a steak there is only one price and that is based on choice quality. Steak is selling in the stores somewhere in the vicinity of $1.60 to $1.70 a pound. Why this spread? Who is raking off the profits? If this does not demand a full scale investigation, I do not know what does.

In all sincerity, I think the large food chains are attempting to shift the blame for the rising food costs on to the producer, but the real blame lies somewhere in between. This is completely irresponsible and I think the Minister of Consumer and Corporate Affairs (Mr. Basford) should clarify his position without hesitation.

The Canadian Federation of Agriculture has proposed a $2 acreage payment based on 1968-69 cultivated acreage up to a maximum of $2,000 for any farmer. I wholeheartedly support this recommendation and strongly urge the government to implement such a program immediately. It is estimated to cost between $150 million and $160 million. This is certainly not too high a price to pay for emergency relief to overcome the desperate plight on the prairies.

There is never a shortage of money for arts centres, airports, Canada Council grants or the C.B.C. What about the $80 million tariff write-off we have just been examining in the Public Accounts Committee, $75 million to one automobile manufacturer? There is always plenty of money for the ever-growing governmental bureaucracy.

It is interesting to note that in 1912 Canada had a population of seven million people with

20,000 federal employees. That is a ratio of one federal employee for every 350 citizens. Today, 60 years later, Canada's population has tripled to 21 million. However, the number of federal employees has increased by 2,500 per cent, almost to half a million, despite the advances in technology, computers and sophisticated administrative equipment. In other words, in 1912 we had one federal employee for every 350 Canadians and today we have one federal employee for every 40 Canadians. This is a shocking example of how bureaucracy grows with crippling socialistic schemes for the nation.

On April 18 I placed a question on the order paper regarding the Department of Indian Affairs and Northern Development which reads as follows:

> What was the total number of people within the Department of Indian Affairs and Northern Development, or its predecessor, who were directly concerned with the administration of Indian Affairs and services in the years 1965, 1966, 1967, 1968 and 1969?

The increase in staff has been 50 per cent since 1965. In 1965 there were approximately 1,000 people and in 1969 there were approximately 1,523, while the Indian population increased by less than 10 per cent in the corresponding period of time.

Looking at the 1968 Auditor General's report, we find further evidence of the ever-increasing administrative body. As it points out, in 1963 the cost of administrative overhead was $1 billion. This figure rose to $1,760 million for 1968-69, an increase of 76 per cent in six years. Increases in staff have occurred in 34 of the 42 departments—by some 10,629 people in the past year alone. The Auditor General further points to the continual rise in expenditures as a result of uneconomic and wasteful policies of the government. I refer to page 7 of the report of the Auditor General for the fiscal year ended March 31, 1968, wherein he states:

> My report this year again directs the attention of the house to a number of expenditures that were uneconomical or wasteful. In my opinion more should be done to examine the underlying causes as to why so much of this kind of waste continues year after year.

Mr. Speaker: I have to advise the hon. member his time has expired.

Some hon. Members: Continue.

Mr. Speaker: Has the hon. member leave to continue?

Some hon. Members: Agreed.

Mr. Mazankowski: Thank you, Mr. Speaker. I will conclude by saying that now we have dispensed with some of the red herring issues such as abortion and homosexuality, and are soon to dispense with the official languages bill, I hope we can look forward to the government honestly facing the real problems which confront our country. We have heard a great deal from the Prime Minister (Mr. Trudeau) and members of the government asking the opposition for their co-operation, suggestions, alternatives and ideas. Goodness knows, we have certainly been co-operative and have given them a lot of material and suggestions.

The real test of the Prime Minister's participatory democracy will come and will be proven only if he seriously considers some of our submissions and accepts some of the suggestions made by hon. members in this house. After all, we are the elected representatives of the people. We know the problems. We are in contact with these problems continuously. We are constantly in communication with our constituents. We do not need regional desks to solve these problems. What is needed is co-operation between the elected representatives of this distinguished house and the government of this country.

Some hon. Members: Hear, hear.

Mr. Ralph Stewart (Cochrane): Mr. Speaker, in rising to speak in this budget debate I intend to deal with three specific subjects. It has been my intention to deal strictly with the new ideas for regional economic expansion as they apply to my part of the country, northeastern Ontario, but since recent events in the Nigeria-Biafra conflict have underlined the seriousness of the situation and the danger to Canadians in that area, I wish to deal with it first.

I believe that the Department of External Affairs has never understood the situation in Nigeria and Biafra. In an attempt to appear neutral, Canada has actually taken sides. We cannot afford to align ourselves with one side or another in any struggle around the world. It is not for us to decide who is right or who is wrong. We can remain non-committed and still offer our help to alleviate the sufferings and difficulties arising from war.

What does Canada do? Whenever the department prepares a statement or an answer it refers to the Biafrans as "the rebels". This is automatically taking sides and it is also using a term which is inflammatory to the Biafrans. It is not up to us to say whether

they are rebels. On other occasions the minister has intimated that the way to end the war is for the Biafrans to surrender. No doubt it is, but to my mind that kind of statement on our part shows a complete lack of understanding of what is going on in that terrible struggle.

It has been my contention, and I still insist, that the two parties must come together at a conference table. Canada can help, and we must help. The department's answer repeatedly is that there is no lack of mediators, just a lack of agreement as to what negotiations should be pursued. This again shows a complete lack of appreciation of the problem. I suggest that there is a lack of the kind of mediators that would be acceptable to both sides. Canada is the only country that qualifies in this regard. Even the Emperor of Ethiopia was not successful in his kind efforts. We have underestimated ourselves. We are regarded as a big, powerful and influential country that is neutral, with no axe to grind, and has never had imperialistic tendencies or the desire to push anyone else around. This is the picture of Canada in the eyes of both Nigeria and Biafra.

• (3:20 p.m.)

As far as a basis for negotiations is concerned, that is a contradiction in terms. The idea of getting together is for the purpose of negotiating. How can you have an agreement before you even get together to agree? It is up to us to put the proposal to both sides that they come together to talk on neutral ground, with Canada as the mediator. Let there be no preconditions other than a desire to talk. If one side or other refuses to go along with it, then there will be no one who can say that Canada did not at least try.

The recent shooting down of a Red Cross plane is something that cannot pass without mention. This is a matter which affects us seriously because we are involved in helping the Red Cross. It takes on even greater responsibility on our part because 12 Canadian crews are helping to fly relief supplies into Biafra and are in grave danger of their lives. My information is that a Red Cross plane was shot down by a Nigerian aircraft at 1855 hours on June 5, 50 kilometers southwest of Calabar, killing the crew of four. I am also informed that there is no question of it having been bright enough to see the Red Cross plane, and those of us who have seen those planes know that the large red cross on the tail and wings is unmistakeable.

[Mr. Stewart (Cochrane).]

Whether or not this information is correct I cannot say because I do not have the actual documentation. The poor fellows are dead. But in any case the story is that it was certainly bright enough to see the airplane and the red crosses. The head of the Nigerian air force, Colonel Alad, is quoted as having said:

> As far as we're concerned we are hitting at anything flying into Biafra, Red Cross or not.

One of the greatest organizations in the world today is Canairelief. They are a group of dedicated Canadians representative of various church organizations, and they have been saving countless lives by their efforts in the Nigeria-Biafra war. They have been doing so against great odds. But even our Department of External Affairs has not seen fit to help them in any way. Yes, we operate through the Red Cross—that is the argument of the government—but so do other countries, and those other countries also help the church organizations.

I go so far as to say that the department have a cavalier attitude toward Canairelief, considering them as a thorn in their side or a prick to their conscience. They say that they cannot recognize an organization bringing relief only to one side. This simply is not so because the church organizations are more active on the federal side of Nigeria than they are in Biafra. The airlift itself is only to Biafra because that is the area that is cut off.

It is time that the minister and his colleagues in the cabinet took a look at the whole policy regarding Nigeria-Biafra. It is time that the cabinet started making decisions on this subject instead of allowing the department to do so. It is the minister who has to take the responsibility in the department, and the cabinet should exercise its authority in formulating the policy.

I want to make it quite clear that the essential thing for Canada is not to take sides. There is no such thing as a one-sided responsibility in a struggle. No doubt both sides have done many things they should not do, but that is not for us to judge. However, I suggest that it is up to us to take the initiative to try to bring about an understanding so that this senseless war will end and so that lives will be saved.

The rectifying of disparities in various parts of Canada was one of the main aims of the government when it took office. We are all pleased that the Minister of Regional Economic Expansion (Mr. Marchand) has introduced measures which will contribute in a

positive way to helping slow growth areas. My part of the country in northeastern Ontario is just such an area, but we are not of a breed that sits around waiting for the government to give us a handout. No, Mr. Speaker, we want to help ourselves, but we need orientation from governments.

Last weekend we held an economic conference in Cochrane and Kapuskasing which was successful beyond all predictions. When we first thought about having such a conference in northeastern Ontario we agreed that the problems of the area were so many and complex and so intertwined that it would not be sufficient to have representatives from only one sector of the economy. We agreed that we would have to have top representatives from various groups, from the financial and business community, and from government.

Most people in the southern parts of Canada do not understand the north. In order to attract the top kind of people to this conference I thought that the best way would be to have good representation from the government. So we decided we would ask two federal cabinet ministers to give one day each to the conference. That is how the whole thing began. Everyone knows that my counterpart in Cochrane at the provincial level is a minister in the provincial government, and together we decided we would be the co-hosts of the economic conference.

It turned out that almost 100 businessmen from the southern part of Canada, from Toronto, Ottawa and Montreal, attended the conference. They are people who are leaders in the country's economy, people like the chairman of the board of the Montreal Trust Company, the vice-president of Metropolitan Life, the vice-president of Canada Life, the vice-president of Crown Life, the general manager of the Toronto-Dominion Bank, the executive vice-president of Imperial Oil, the vice-president of C.I.L., the president of Allstate—the list goes on and on. We had almost 100 people of that calibre.

These are people who are interested in the future development of the north. They came there without really knowing what they were coming to, but I can say that they went away very happy with what they had learned about northern Ontario. We discussed four main topics. We talked about capital investment. We talked about industry and natural resources. We spoke about tourism and transportation. Many of these things depend upon each other. You cannot talk about tourism in the north without talking about capital investment, because money is needed to build tourist establishments. You cannot talk about industry in the north without talking about transportation, because people do not want to move industries to an area unless they are able to send their product out to market at a reasonable rate.

We discussed all of these topics in seminar form. For half of one day we gave these gentlemen the choice of three different things to do. After going to church they had an opportunity to take part in a fishing trip to see what the tourist possibilities were or they could take a flight in one of the provincial aircraft provided by my counterpart to look at the area and its natural resources from the air. The third choice was to look at some of the available industrial sites, particularly those having to do with the forest industry.

The Minister of Regional Economic Expansion attended on the first day of the conference. He spoke about the new regulations under the new legislation and of the idea of helping slow growth areas by means of incentives. On the second day the Minister of Public Works (Mr. Laing) was with us in Kapuskasing, and he spoke about the development of the north.

This kind of conference, which brings together such varied people, wakens people to what is available, shows them what the natural resources of an area are, and emphasizes the growth possibilities of the area. The people who attend such a conference try to come up with their own ideas on how to develop the area. This is precisely what happened in this case. In free periods when these gentlemen were discussing things among themselves they were making an honest effort to find ways and means of helping that part of the country.

• (3:30 p.m.)

However, when the conference drew to a close my problem was how to know whether or not it had been a successful conference because these are busy men who have many problems. There was the possibility that they would go back to their offices, perhaps not think too much about what they had learned and let it remain in the back of their minds. But I can tell you that before they left the north some of these men came up with very good ideas concerning the betterment of northern Ontario which should be considered further. The representatives of one bank gave notice that they are changing some of their

basic policies in respect of the north. An official of one of Canada's principal chemical companies told me one of their men would be employed full time in considering expansion in our part of the country. To my mind these are real results. Many of the results of this conference will not be seen perhaps for a number of years, but I believe this is an example of the way in which we should try to develop the underdeveloped areas of Canada. We should try to do this in concert with others and by amalgamating the efforts of government and industry. It is a mistake to sit back and ask the government to do everything. We must take the bull by the horns and do something ourselves.

I believe that the degree of federal and provincial co-operation was another great example of the success of the conference. The Minister of Lands and Forests of the province of Ontario and myself are not members of the same party, but that does not make any difference when it comes to the question of developing our area. We are both interested in the development of northern Ontario. It is only when the federal government and provincial governments work together in this way that we are able to really accomplish something. There was absolutely no question of political partisanship throughout this whole weekend. I think this will perhaps serve as an example of the co-operation we need.

[*Translation*]

Mr. Speaker, before concluding my remarks, I would like to add a few words on the official languages bill, particularly on the choice of the Commissioner of languages.

I have said it before, the Commissioner will have a very difficult task. He will have to have remarkable qualifications, be perfectly bilingual and understand the different mentalities of our country, and know exactly how others think.

Not only will he have to be a diplomat, possess a sound judgement and know how to hear grievances, but he will also have to be capable of judging problems according to the mentality of the people involved. Thus, it will be very difficult to find a man who is well qualified, to hold down that job.

In my opinion, the late Mr. Laurendeau would have been the right man for that position.

We will need an excellent Commissioner of languages, and I urge the government to choose him carefully. This choice should not be entrusted to the public service. I do not want to criticize the public service but it is imperative that such a choice be made by the cabinet, and that it be well-advised.

Some hon. Members: Hear, hear.

[*English*]

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, this is the fourth budget this government has termed anti-inflationary which has been presented to the country during the past three years. The solution offered by the government in the first three was increased taxes. In order that we may decide how successful the policy of raising taxes has been I suggest we examine some of the figures of the consumer price index over the past few years because that will give us a good factual idea of just how this program of raising taxes has worked out for the country.

During the six years that the Conservative government was in power the average increase in the cost of living each year was 1.5 per cent.

Mr. Benson: How about unemployment?

Mr. Hees: Then in 1964, the first year after the Liberal government took over, the cost of living rose 1.7 per cent. In 1965 it rose 2.5 per cent; in 1966 it rose 3.7 per cent; in 1967 it rose the same amount, 3.7 per cent; in 1968 it rose 4.1 per cent, and during the last 12 months it has risen 4.7 per cent. During the past 12 months the wholesale price index has risen 5.4 per cent. So I think we will agree it is very easy to decide that the policy which the government employed in the previous three budgets has been a complete failure so far as slowing down the steady increase which was taking place in the cost of living is concerned, because that increase had accelerated each year.

After each of these budgets during the past three years I and other members of the opposition have suggested two means of controlling the steadily increasing rise in the cost of living. These two methods are completely different from the method of raising taxes. The first method is by controlling government spending which has doubled during the past six years that the Liberal government has been in power. It has increased from $6½ billion to $13 billion. Action must be taken to relieve the upward pressure of prices brought about by the steadily increasing government spending which has taken place year after year. The government's answer on each of these occasions was that it could not make

cuts in the current fiscal year. Of course, as we know, during the next fiscal year the cuts that were made were purely routine.

Any member of parliament who has been a member of a government knows that each minister in charge of each department inflates his estimates to the highest possible point before he presents them to the Treasury Board because he knows they will be slashed very materially. He knows that the more he has in his estimates the better chance he will have of coming out of this very trying experience with something of a reasonable nature with which to operate his department during the next 12 months. The President of the Treasury Board takes great pleasure each year in cutting down materially the estimates of each department. The net result is he is pleased and the minister is pleased because they usually end up where they had hoped to end up. That is what goes on each year when the Minister of Finance says he plans to cut the next year's estimates materially. The cut is a routine matter. It really is nothing that has not been taking place in parliament for the last 100 years.

• (3:40 p.m.)

Let us ask ourselves whether it is possible to make important cuts during the present fiscal year. The Minister of Finance (Mr. Benson) and his predecessor have said during the past three years that this is not possible to do, but is it possible? In 1962 the Conservative government was faced with an international payments problem, but at that time it showed that this could be done. On June 23, 1962, we made the decision to reduce current expenditures by no less than $200 million in that fiscal year. This means that that cut was made at the rate of $265 million for a full fiscal year. That cut was accomplished during a period of only three days. We showed that it could be done.

The second proposition we put forward was to control the cost of living by bringing about lower prices through an increase in productivity. We urged the government to introduce incentives which would induce industrialists to instal new plant, machinery and industrial systems to make it possible to manufacture at lower cost, thereby lowering the selling price. Once again the Minister of Finance and his predecessor scoffed at this idea and would take no action to introduce the necessary incentives to make it possible to improve the productivity of this country. So during the past three years we have had, as I pointed out by citing figures from the consumer price index, a state of escalation in the rate of the increase in the cost of living, year by year. This demonstrates more clearly than any words I or anyone else might say the complete failure of the government's policy of increasing taxes in the past three budgets.

We now have another budget. Let us have a look at it. It offers two new approaches. The first is to control the cost of living by deferment of construction in cities over 50,000 in the three provinces of Ontario, British Columbia and Alberta, by withholding the capital cost allowance of 5 per cent in the next two years. The second plan is to complete the Kennedy Round tariff reductions immediately instead of waiting for the next three years over which the planned reduction had been worked out with industry. It is now up to us in discussing this budget to decide whether these two plans will work any better than the previous plan put forward by the government to increase taxation.

Let us first examine the plan to delay construction in cities over 50,000 population in Ontario, British Columbia and Alberta. We know that building costs are going up 12 per cent per year. If a builder in any of these centres defers construction during the next two years, as the government hopes they will, he will know perfectly well that when he commences construction two years from now he will in all probability be faced with construction costs 24 per cent higher than they are today. It is obvious that no builder is going to defer construction for two years and absorb that kind of an increase in cost. In every case builders will simply absorb the 5 per cent capital cost allowance in their not insignificant profit and go ahead and build. Any businessman in the country can tell you that this is a fact. There is no doubt about it.

Let us now have a look at the effect of immediate tariff cuts in respect of the Kennedy Round instead of over the next three years. There is no machinery available in peacetime to require importers to pass along to consumers the benefits they receive as a result of these lower import duties.

The Minister of Consumer and Corporate Affairs (Mr. Basford) has stated that he is considering the setting up of machinery to pass along these savings to the consumer. He referred to the sales tax on drugs that was removed. The minister knows perfectly well that when the sales tax on drugs was removed the government found there was no way by which it could require druggists to pass on the savings to the consumer, and that

in very few cases were these savings passed on.

When the minister talks about setting up machinery to require importers to pass on these tax reductions to the consumer he is simply misleading the public because he knows perfectly well that in peacetime there is no way he can do this which will be effective. We may find out that in a few cases importers will pass on their savings because of their good nature or good will, or because they are faced with a very competitive situation, but these cases will be very few and far between. In the vast majority of cases these tariff reductions will simply be absorbed by importers in their profits through the price of goods. The costs will not be affected in this way and will not be reduced. They will continue to rise as they have during the past three years. We can therefore only conclude, that this budget, like its three predecessors, is going to be a failure. As they say in show-business, it looks like the minister has got another flop on his hands.

Mr. Benson: Mr. Speaker, may I ask the hon. member—

Mr. Hees: I will be glad to answer the minister when I finish. I only have five more minutes at my disposal, but I would be very glad to answer any questions he wants to put at that time. I hope he understands that I take this attitude only because I have a very short time left.

As they say in the automobile industry, it looks like the minister produced an Edsel. In fact, I understand that in the cabinet they have now stopped calling him Edgar; he is now called "Edsel" by his colleagues.

Let us be constructive and decide what the government should do. First of all I suggest it should do three things. It should reduce government spending at this moment, in the present fiscal year, by $250 million, thereby taking the pressure off prices and thereby slow down the increase in the cost of living.

As I pointed out, the Conservative party showed in 1962 that this could be done. If seven years ago we could reduce expenditures by $200 million in one fiscal year without any trouble at all, the present government should be able to reduce expenditures today by $250 million, particularly in view of the inflation that has taken place during the seven intervening years. There is no question but that this can be done. It must be done to take the pressure off prices by removing this very large upward drive on prices throughout the country. This is being caused by the increase in government expenditure.

The second thing the government must do is increase productivity in this country and reduce the cost of goods. This can be done by lowering the cost of production. As I have pointed out, the only way this can be brought about is by introducing tax incentives which will induce producers across the country to instal new machinery, plant and production systems, which will in turn enable them to produce more efficiently, bring their costs down, and sell their goods to the Canadian public at more reasonable prices.

The third thing I propose that this government should do is to substantially eliminate the waste which is taking place today. This can be done by the establishment of better economic co-ordination and planning. We should establish an economic planning committee composed of the Minister of Finance, the Minister of Industry, Trade and Commerce (Mr. Pepin), the Minister of Transport (Mr. Jamieson), the Minister of Agriculture (Mr. Olson) and the Minister of Regional Economic Expansion (Mr. Marchand), with the chairman being the Minister of Finance.

• (3:50 p.m.)

Any top civil servant in our economic departments will tell you privately—and those of us who have been in government know them all very well indeed—that tremendous waste is taking place today in the government through duplication and overlapping in our major economic departments. Sometimes five different departments are doing the same kind of thing. By centralizing under an economic planning operation the sinews of these five economic departments, under the able chairmanship of the Minister of Finance, I feel sure that a great deal of this waste can be cut out. Such a committee could make possible the kind of action which the former deputy prime minister, when he resigned a few weeks ago, said this government is unwilling to take. I refer, for instance, to controlling inflation, producing housing which people can afford to buy, and a program that will deal effectively with pollution.

Such an economic planning committee could make possible the kind of program brought forward by the government of Australia in the realm of housing, something which we in this country need desperately. There, through the work of a committee of this kind, it has been possible to produce

three-bedroom houses for $12,000 apiece, with a down payment of $1,200 and a mortgage of 5 per cent. That is the kind of action Canada needs today. But this government, as the former deputy prime minister said at the time of his resignation—and he ought to know, if anybody does—refuses to move because of the classroom attitude of the Prime Minister, who would far sooner deal with constitutional matters and does not give a hoot about the practical problems facing the ordinary citizens of Canada, the kind of problems I have just mentioned.

This government obviously thinks it has three years in office before the next election takes place. It shows no inclination to do anything but take things very, very easy. Therefore we see, just one year after the last election, that a government about which the people of Canada had great expectations when it came into office has turned out to be simply a government of false expectations. I say to the government that there is a great deal to be done, as the former deputy prime minister said very eloquently when he resigned. He pointed out the great weaknesses existing in the government. All the ministers, led by the Prime Minister, are responsible for this lethargy and unwillingness to tackle anything other than constitutional and theoretical problems; they are unwilling to turn their attention to the problems the people of Canada want solved.

There is a big job to be done. The next three years will pass faster than the government imagines. I ask the government to get on with the job it was elected to do and to show the people of Canada that it is a government and not simply a group that wants to sit down and ride out its time.

Mr. Benson: Mr. Speaker, may I ask the hon. member a question that is in several parts? I am sure he wants to be very fair in his assumptions and that he read the budget speech before making such a presentation. Does the hon. member realize that other steps taken, which he did not mention, are, first, the change in the budgetary position of the government from a deficit of over $500 million to a surplus of $375 million on a cash basis, which is a reversal of a billion dollars in the government's position? This is over 1 per cent of the G.N.P. Second, does the hon. member realize that this move creates freedom for monetary action by the Bank of Canada, which did not exist before? In addition, does he realize that government expenditures this year, outside of shared-cost programs and interest on the public debt, will increase by 4 per cent, which is less than the general increase in prices and wages in the country? Finally, does he realize that the government already has a committee on economic planning such as he has discussed?

Mr. Hees: Mr. Speaker, this is a broken record we have been listening to for the past three years. This is the kind of response Ministers of Finance have given to every one of our speeches on the budget during the past three years. The minister asks whether we realize that this has been done and that has been done to reduce the cost of living. We have seen what has taken place. I do not think the programs the minister has mentioned will have the effect of reducing by one dollar the steadily rising cost of living.

The government will achieve a surplus position by having grossly overtaxed the people of Canada in three shameful budgets. It has not reduced its expenditures one whit, and the cost of living gives every indication of continuing to rise steadily month after month and year after year from now on. I do not think this budget is one iota better than the last three. I suggest that the minister discard that old, broken record, try to obtain some new idea men and come forward with policies that will really mean something.

Mr. Benson: What about answering the question?

Mr. Hees: Have I not answered your question?

Mr. Benson: No.

Mr Hees: If the minister has any other questions to ask, I would love to answer them.

Mr. Deputy Speaker: Order, please. I have some doubt about allowing this discussion to continue. I think I would prefer to recognize the hon. member for Renfrew North.

Mr. Leonard Hopkins (Renfrew North): Mr. Speaker, under the new system in parliament our committees are doing a great deal of very constructive work, but I feel they are not receiving the recognition they deserve in the House of Commons. I believe that reports submitted to the house by standing committees should be given more publicity. I should first of all like to compliment the members who served on the Standing Committee on

National Resources and Public Works for the work they have done over the past months. I think it is important for the image of this committee to point out that not once did we have to cancel a meeting for lack of a quorum. I believe this is a very definite tribute to the members who served on that committee. In order to give their work some publicity I shall read from the fourth report of the committee so it will be on the record of the house:

Your committee recommends that as soon as possible the government allocate more money for scientific research projects that are now under way, as well as to continue new programs for the future.

During the study of the estimates of Atomic Energy of Canada Limited, the committee learned that more and more funds from that company's regular budget will be required to continue the operations of several nuclear power generators until such time as private enterprise is financially capable of taking them over, probably about 1978. In the meantime, these established expenses will be a drain from the research funds of the company and these should be supplemented.

Canada has been in the forefront in nuclear research in the world with emphasis on the peaceful role of atomic energy and your committee recommends that increased financial support be given to research projects in this field.

The committee commends the government on the establishment of the Inland Waters Centre at Burlington and the work being carried out there on water pollution research. We recommend that this be given full and increased assistance and that other complementary centres be set up where needed.

Your committee is concerned by the increasing magnitude of air, water and soil pollution and the jurisdictional conflict which hampers the finding and implementing of proper solutions.

● (4:00 p.m.)

Your committee recommends that the government draft a code of standards for the cleaning up of and the future protection of all Canadian waters; that provincial approval of such a code be sought; and that the federal government provide an enforcement procedure—if necessary by means of an amendment to the Criminal Code.

Your committee also recommends that a centre or centres similar to the Canada Centre for Inland Waters be set up to centralize all existing and future federal research in air and soil pollution and to extend and speed up such research so that codes of standards may be drafted to protect the air and soil from pollution.

During its study of the estimates of Atomic Energy of Canada Limited, your committee was informed that there would not be any "Canadian produced" heavy water available in Canada this year. Your committee recommends therefore that the words "Canadian produced" be deleted from Vote L20 thus enabling the company to purchase heavy water from non-Canadian sources.

The committee wishes to state that it has been greatly impressed by the contributions from the Canadian science community and commends all personnel involved in scientific progress in Canada on their achievements.

Your committee commends these estimates to the house.

I should like to say a word on the political activities of employees of Crown corporations. I am given to understand that in the past the St. Lawrence Seaway Authority had one employee at least who ran as a federal member of parliament in either 1962 or 1963, and I believe the Polymer Corporation had one employee who contested two elections. But there are some Crown corporations in Canada whose employees are not permitted to participate in political activity or party politics. I think that some uniform plan should be worked out in this regard because in the case of Crown corporations, which are run in much the same way as a private enterprise with people working as carpenters, tradesmen of various types and general labourers, I do not think it is fair to refuse employees the opportunity of participating in the activities of the political party of their choice. I ask that this matter be looked into.

We have a very useful fund in the Department of Transport for the construction and improvement of airports. Money in this fund is allotted on the basis of $1 million per annum, which is quite inadequate to look after these needs in communities across Canada today. At the present time all these funds are committed for 1969 and there is very little left in the 1970 budget. In my riding, in and around the towns of Pembroke, Petawawa and Deep River, we have started the construction of an airport which is already one of the most used airports along the new route that was started by Royalair from Montreal. The route starts in Montreal and goes on to Ottawa, Pembroke, Peterborough, Toronto and St. Catharine's, with other lines added since. However, the airport at Pembroke is the only one along the entire route that is not paved. It supplies 50 per cent of the passengers on the entire run. It is used extensively by the scientists from Atomic Energy of Canada Limited at Chalk River and by the Department of National Defence at Petawawa.

I will give hon. members some examples of aircraft movements at the airport in Pembroke over a period of four months. In December of last year there were 461 aircraft movements, and in another month there were 1,325. In still another month there were 1,878 aircraft movements at this unpaved airport, and in yet another month 2,489 on what is a sod runway. So I appeal to the Department of Transport and to the Treasury Board to have

this airstrip paved at the earliest possible time.

In another area, the town of Mattawa is looking forward to the development of an airstrip there. As you know, I am privileged in having a very beautiful riding which covers 64 townships and several organized villages and municipalities. Sometimes I wish I had an aircraft or a helicopter, but if an airstrip were built in the vicinity of Mattawa a very good tourist trade could be developed. Also, fishermen could fly in and out of the area, and so could hunters. Another important point is that if there were an airstrip at Mattawa a dentist could come into that community of 3,000 people for one day a week. Otherwise, the community does not have these services because of the lack of modern conveniences.

Over the past few years the Department of Public Works has had a very useful program called the tourist wharf policy. Under this policy wharves and docks up to a value of $15,000 are built on waterways. They are paid for by the Department of Public Works. There has been some talk from time to time that this program might be cancelled. I have heard this for the last few years, but I am glad to say that this decision has not been made because approximately only $200,000 a year is made available for this program. It provides a service to communities which normally would not have it because these docks and wharves are built in municipalities that are usually not wealthy, and we all know that every municipality today is under a heavy taxation burden at the local level. This is a very useful program which brings tourists into the area. It helps to promote the tourist trade and it promotes healthy recreation. I think it would be a very serious error if this program were ever dropped by the Department of Public Works.

As a matter of fact, it seems to me that $200,000 is far too little for such an important program which will enrich the lives of so many people as well as the lives of those who come to visit the area. I feel that not only should the fund not be cancelled but that the amount should be doubled. This is not something that has cost a lot of money. Much good can be done in many places with a small sum of money compared with some other projects.

Coming as I do from the upper Ottawa valley, an industry that is of crucial importance to me and to many people in my area is the forest industry. In our area 3,200 people make their living from the timber resources of Algonquin Park, and all this propaganda that is coming over the airwaves about the slaughter of our natural resources is just so much talk for the record. In this regard one matter that has not been pointed out is that this spring many of the companies who have operations in the park planted 300,000 trees apiece. The trees were provided by the Department of Lands and Forests, but the companies paid the wages of those who planted them.

• (4:10 p.m.)

An attempt has been made to implant the idea that once you cut down our forests nothing is left. This is far, far from the truth. As we all know the forest is a renewable resource. We also know that the people who depend upon the forest and its products for their livelihood are not going recklessly to destroy that from which they make their living. I think that is a point that should be made very strongly.

I think the point should be equally strongly made in favour of the forest industry that the forestry research station at Chalk River is cultivating trees that grow three to four times as fast as natural growth. In artificial conditions under lights a birch tree has been grown to the height of 13 or 14 feet in one year. These trees are exposed to lights and other treatment for 24 hours a day. I say these conditions are artificial because they are completely foreign to the world of nature, but this does give some idea of the kind of experiment being carried on.

The forest industry in the Algonquin Park area also supplies wood to the furniture industry in southern Ontario which employs 10,000 workers. I make that point to show that my area is not the only one to benefit from the forest industry. I hope I will have other opportunities to put other important facts on record, but I think the important thing to note is that the forest is a renewable resource.

I do not agree for one moment with 34 townships being set aside for the operations of an organization such as the Wild Lands League which claims a little over 800 members. The city of Toronto could be placed several times over within the area of Algonquin Park. There is an area already set aside for the Wild Lands League. Our attitude is that we are willing to live and let live, but we believe in the multiple use of this area.

Another important matter I want to mention is of an historical nature. On a high hill across the Ottawa River from the town of

Mattawa stood a cross that was placed there by Champlain. Time and again it has fallen down and been replaced, but for at least the last year the cross has not stood. I should like to suggest to the Department of Indians Affairs and Northern Development that the historic sites board adopt this place as an historic site and place the cross there as a permanent remembrance of the days when Champlain travelled up the Ottawa River. Many people in the past have watched for this cross as they have driven along highway 17 through Mattawa, and now it is no longer there. Therefore I recommend to the historic sites board some action along the line I have suggested.

In the government shuffle to bring constructive economies into our financial affairs I congratulate the Minister of Finance (Mr. Benson) on the first major balanced budget, with a forecast surplus, in many years. However, I hope that in this shuffle the new military hospital planned for Base Petawawa does not get lost, because the hospital is very badly needed. I hope the colleagues of the Minister of National Defence (Mr. Cadieux) in Treasury Board will be very kind to him in this regard.

I should like to conclude on this note. Since certain pressure groups, such as the Wild Lands League, are putting pressure on the Ontario government to change the regulations in Algonquin Park, and throw out industry altogether, as would be the case if the league had its way, I think we should also think of all the asphalt and concrete that is being thrown over the best soil of many parts of Canada. For example, in the Niagara peninsula concrete buildings are being constructed and asphalt laid every day on good, fruit producing soil. Therefore I suggest it is not the forest industry of Canada that we should be concerned about. As I have said, the forest is a renewable resource, but that is not the case when you cover the best soil in the country with concrete buildings.

Mr. Deputy Speaker: Order, please. I am sorry to interrupt the hon. member but his time has expired.

Some hon. Members: Carry on.

Mr. Deputy Speaker: Does the house give unanimous consent to allow the hon. member for Renfrew North to continue his remarks?

Some hon. Members: Agreed.

Mr. Hopkins: In conclusion, may I compliment the Minister of Regional Economic Development on bringing in his new legislation which will make available to any one industry up to $12 million if it sets up a business in certain areas.

In view of the threat to urban areas caused by pollution, with an eye to the future I think it is an excellent idea that we do our utmost to try to diversify industry throughout Canada as much as possible in order to give our country greater depth, instead of confining industry to the industrial belt close to the United States border. I think the regional development bill is good legislation. It is more flexible than the area development agency legislation which I think has really put economies into a strait-jacket. It has been said that the industrial community surrounding the Great Lakes will grow to three or four times its present size by the turn of the century. Dare we think how much programs to combat pollution will cost if all this development takes place in one or two areas of Canada? So I should like to put in a plug for Renfrew North, Mr. Speaker. The upper Ottawa Valley needs industry very badly.

• (4:20 p.m.)

Mr. James A. McGrath (St. John's East): Mr. Speaker, at the outset of my remarks may I read the amendment proposed by my party. It is relevant to the remarks I am about to make. The amendment reads as follows:

"regrets the continuing inability of the Government to curb the relentless increase in the cost of living since 1965, while increasing the hardship on the unemployed, the poor, pensioners, farmers, and other victims of the just society'.

I will not, as did the hon. member who just resumed his seat, congratulate the minister on his balanced budget. The technicalities of budget balancing mean precious little to the poor of this country, to the unemployed and to the regionally disadvantaged. I commend that comment to the Minister of Finance (Mr. Benson) and his colleagues in parliament.

In my view, Mr. Speaker, the most urgent problem facing Canada today is poverty—ugly poverty, poverty that is real throughout this country, poverty that is all too prevalent throughout this country. This problem is not unique to Canada. That great, affluent society, the United States, is equally concerned about the paradox of poverty in the midst of plenty. That question, too, is gnawing at the conscience of the United States. As in Canada, poverty can be found almost everywhere in the United States. It is found not only in the steaming ghettos of the eastern cities but also

in the ramshackled countryside of Appalachia. The same can be said of Canada.

I ask, Mr. Speaker, what are we doing about poverty in Canada? What are we doing to help the poor of this country? Perhaps we might ask ourselves this question. Who are the poor people of Canada? The obvious answer is that the poor are those who are poor by material standards. The poor are the regionally disadvantaged people. The poor are those who live in poverty on the reservations of Canada or in the slums of our big cities. The fact is that we have poverty in Canada. Our poverty recently was defined by the Economic Council of Canada and according to that definition we have an abundance of poverty.

I realize that what I am about to read has been quoted many times before, Mr. Speaker. Nevertheless, what has been read before bears repeating. I shall repeat it in the hope that someone in the government of this country may hear me and become seized of the fact that the real problem facing this country today is poverty. Perhaps something will be done about it. May I therefore read part of the sixth chapter of the fifth annual review of the Economic Council of Canada:

> Poverty in Canada is real. Its numbers are not in the thousands, but the millions. There is more of it than our society can tolerate, more than our economy can afford, and far more than existing measures and efforts can cope with. Its persistence, at a time when the bulk of Canadians enjoy one of the highest standards of living in the world, is a disgrace.
>
> What is poverty in Canada? Those who have seen it, felt it, experienced it—whether as its victims or as those trying to do something about it—can supply some telling descriptions.

The report of the Economic Council states that any man earning less than $3,000 a year and supporting a wife and child in living below the poverty line. Commenting on the report of the Economic Council the *Globe and Mail* had this to say in part in an editorial of September 30, 1968:

> The average Canadian does not need the council to tell him that it is impossible for a family of three to live with anything remotely approaching dignity on $2,641.60 a year: his own budget tells him so. A family might do it without going hungry if it lived in a Newfoundland village where the fish were plentiful and free, but not in any of the built-up parts of Canada where most of our people live. Yet, as the council pointed out with anger, more than a quarter of our non-farm population is forced to live in this appalling poverty.

Again I ask, what will we do about poverty in this country? There are two types of poor people in this country. Some are unable to sustain themselves because of physical handicaps or circumstances over which they have no control. These people must depend on the charity of the state. They depend on welfare and its concommitant degradation. Nevertheless, we must be concerned about a larger group. The people in that group through no fault of their own are poor because they have inadequate incomes or because they suffer from chronic unemployment. I refer to the regionally disadvantaged people of Canada.

I come from a province that is considered regionally disadvantaged. A few weeks ago I was at an Indian reservation in Manitoba and saw appalling poverty. The people of the reservation could also be described as regionally disadvantaged. These, then, are the poor people of this country. They live in its various regions. Unfortunately, many of our poor also live in large cities.

To illustrate the point I am making about regionally disadvantaged people I wish to refer to a report of the Dominion Bureau of Statistics which shows that a fisherman working in the fishing industry of Newfoundland in February or March of this year received on the average $62 after working a 44.8 hour week. His counterpart in British Columbia who does the same work earns almost $84 after working a 30.6 hour week. That, Mr. Speaker, is regional disparity. That sort of thing, I hope, is being considered at the dominion-provincial conference being conducted at this time. The example I have cited, and I make no apology for saying this, is a glaring example of how working men are exploited in the regionally disadvantaged areas of this country. A man working 45 hours a week in a fish plant and earning $60 is at least working, able to hold his head up and does not have to lose his dignity or pride by being forced to appeal to the state for public welfare. Granted his plight is a serious one because of runaway inflation and rising prices, but at least he is able to work. Although I am concerned about him, I am more concerned about the man who does not have a job.

• (4:30 p.m.)

I am also concerned about the man working in the cities of my province—where we have a guaranteed minimum wage of $1 an hour for men and 70 cents an hour for women. I have in my hand a pay cheque of one of my constituents living in St. John's. His pay envelope covers a 46-hour week. The hourly rate of pay is $1.15 and his gross earnings are

$52.90. From that $52.90 he must pay $1.70 in income tax, which is a crying shame.

Some hon. Members: Shame!

Mr. McGrath: That man should not have to pay income tax. If the Minister of Finance (Mr. Benson) were here, I would refer him and other members to the amendment the other night of the New Democratic party which, unfortunately, the government did not accept. This man had to pay 65 cents unemployment insurance and 74 cents for the Canada Pension Plan. His total deductions from his $52.90 for the 46-hour week were $3.09, giving him a net take-home pay of $49.81.

The man to whom I am referring has a wife and child to support. He lives in a basement apartment for which he pays $115 a month. He cannot afford to buy steak. He cannot even afford hamburger. He cannot even afford to live, yet he is a working man. He has to pay $115 a month rent because the state has failed to provide adequate public housing. He is forced to live in a damp basement because the province in which he lives and the federal government are unable to get together to provide him with public housing.

That is the crime of poverty in this nation today. That is what is crying out for justice in this country today. The paradox of Canada is the growing gap between the rich and the poor, with the rich getting richer and the poor getting poorer. I make no apology for using that hackneyed phrase because they are the only words I can muster to describe the situation.

I have seen poverty in other areas of Canada but I am more familiar with the poverty in my own city and constituency. We have the largest families and the lowest per capita income in Canada. We have the highest per capita cost of living in Canada. I offer that as a paradox in terms of the human tragedy it represents. This gap is widening in my city, province and throughout the country. You do not have to travel 1,500 miles to St. John's, Newfoundland to find this poverty. I suggest you can find it right here in the city of Ottawa. You will certainly find it in abundance in the cities of Montreal and Toronto. This is the tragedy of our time. This is the real problem in Canada today, not bilingualism or biculturalism but the bread and butter issue of abject poverty that is all around us.

We have lived through the Pearson era when, coincidental with the Kennedy administration, the liberals said they were going to tackle this problem. They declared war on poverty. That war on poverty has been shelved in the dusty archives of hackneyed political campaign phrases, perhaps to be dusted off and taken out in a few years' time to be used in some subsequent election. In the last election campaign we had the era of the just society, a phrase which is becoming more and more meaningless as the weeks go by. Perhaps that phrase too will end up in the dusty archives of used political campaign slogans to be taken out at some opportune time and used again. What satisfaction does that give to my poor little friend in St. John's, Newfoundland, who takes home $49.81 for working 46 hours from which he must feed his wife and child and pay $115 a month rent because this government has failed to provide him with public housing? It is precious little consolation, Mr. Speaker.

We have reached the point in this country when we must do more than just talk about poverty. We must do more than try to epitomize the problem in fancy phrases. We must have a realistic program to attack it. I do not know what is going on behind the closed doors at the federal-provincial conference. I know there is not a great deal going on in this house today. One only needs to look around to see the evidence. Perhaps someone may hear what I am saying, and perhaps it may even filter through the secure doors of that building where the conference is taking place. Perhaps then these men who have the responsibility of heading the provincial and federal governments will come to grips with the serious problem of poverty.

The Canadian Council of Churches and the Canadian Catholic Conference recently issued a paper as a consequence of a study of poverty in Canada. Perhaps hon. members will bear with me if I quote from the June, 1969 issue of *Canadian Churchman.*

> The resulting report notes that people today are in a hurry to be fully alive, free from daily want, sharing social power and a better life. "The deprived are saying to the privileged, 'Damn your charity. Give us justice.' Those in need are impatient because there is no longer any valid excuse for injustice and discrimination. Abundant resources and technical know-how can provide necessities and opportunities for all—given enough moral will and political courage."
>
> The just society is still a dream, notes the report. The gap is still widening between rich and poor nations and the rich and poor within nations.
>
> "The reality is a disgrace, which sees 4,000,000 to 5,000,000 Canadians enslaved by economic and social want. Public priorities still put the power of money before the needs of people."

I have been in this house since the beginning of this session. I have listened to debates on satellites, defence budgets and everything else, but I have yet to hear a concrete proposal emanating from the government to come to grips with the real problem of this nation, the problem of poverty. It is just a few months since the Economic Council of Canada in its fifth annual report dealt extensively with this problem and defined it for all to see, except those who have not the eyes to see, and I suggest that surely the government of Canada falls into that category. On behalf of the poor of this country I can only re-echo to the empty treasury benches what the Christian churches of this country have said: "Damn your charity. Give us justice."

• (4:40 p.m.)

[*Translation*]

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, the study of a budget is a kind of self-examination for a government. It is also an opportunity for hon. members to make suggestions and, as it were, to examine the economic health of the country. I would like to restrict my remarks to a particular aspect of the Canadian economy.

Before getting into my topic, I would like to say to the hon. member who spoke before me that I share several of his opinions, except that I think it is an easy solution to leave it to the federal government to settle the problems.

I would like to remind him that the problems he mentioned a while ago, mainly that of poverty, will only be settled when the three government levels have arrived at a fair distribution of responsibilities as well as of the resources that will enable them to assume those responsibilities.

Before I deal with two subjects close to my heart, such as the present depression in the textile industry—which is of concern to my constituency, as it gives some 2,200 jobs to my constituents—I must say that I attended at lunch time a study meeting of the Canadian Textiles Institute, and after having heard their grievances, I came very close to elaborating on this matter.

Unfortunately, I believe that any aspect of the Canadian economy is as urgent or even more generalized, and I want my remarks to be a kind of SOS from Canadian municipalities, in the present economic context.

In the present government trilogy, there is no doubt at all that the municipal level is treated as a poor retarded child. That reminds me, Mr. Speaker, of a baby who would hide under the table while two older children are quarrelling for a cake and who could only have a few crumbs falling from the table during that quarrel.

I am bringing this matter up for another reason. It is because this afternoon and tomorrow the premiers of the ten provinces are gathered here in Ottawa. They are mainly responsible for that lack of dialogue between municipal, provincial and federal authorities.

I would like to avoid, as much as possible, any partisan consideration and discuss the matter as objectively as possible and put the blame, if need be as fairly as possible. But to prove clearly that I agree with the leader of the government and the country, I would like to quote a few words which he said at the opening of the convention of the Canada Federation of Mayors which was held in Ottawa last week.

After having recalled that urbanization in Canada is being carried on at a very fast pace, with the result that in the year 2,000, it is expected that at least 50 per cent of Canadians will be living in large urban areas, which are already a source of unimaginably acute problems, the Prime Minister (Mr. Trudeau) added:

> We cannot expect one single level of government to satisfy all those requirements. There has always been and there will always be numerous aspects of urban renewal that must be left to local initiatives, to local preferences and to local administration exclusively.

That is the municipal government.

> As far as others are concerned, it is preferable that the provinces deal with them at the regional level. Finally, there are still other aspects which represent questions with which the Parliament of Canada must necessarily be concerned.

Mr. Speaker, the Prime minister is absolutely right. We should grant the municipal representatives the right to attend constitutional conferences, particularly those where division of taxation is discussed, because municipal governments are nearer to the people, as well as the oldest form of government. It is only fairly recently that they became creatures of the provinces. The municipal government has both feet on its home ground and is closest to the people. Every day, it hears their grievances and their requests. The spokesmen of the municipal government should be invited to take part in the dialogue,

to outline their views and to find solutions to problems.

And the Prime Minister added:

If the federal and provincial governments have decided to proceed with the complete revision of the constitution, the reason is that we are now faced with many constitutional provisions which were drafted according to what were the realities in 1867. The few provisions dealing with the municipal organization of the country have not yet been dealt with during that revision; but the next intergovernmental meeting which will take place in June will be partly devoted to various aspects of our constitutional law, like the spending power of the federal government, which closely affects municipal governments.

Mr. Speaker, I am still amazed that the spokesman for the municipal governments have not been invited to participate at least as observers, in those discussions when their fate is at stake.

And I quote further:

I suggest the future stages of this constitutional review could very well involve a comprehensive study of the municipalities' role in a federal state.

I welcome that suggestion. The Prime Minister added:

The new tendencies that I have tried to describe to you this morning raise a whole series of pertinent questions each of which warrants a detailed study and a full debate; I shall quote only three of them. First, the physical presence of the federal administration in a great number of municipalities, under the form of airports, harbours, railways, and a whole range of government agencies and public undertakings; how can we make sure that this more and more keenly felt presence and its socio-economic effects will contribute positively to urban development?

Secondly, what machinery would allow the national interest, as defined by parliament, to affect a decision made at the local level and with implications for the whole country?

I would have some suggestions to offer in answer to this question of the Prime Minister. He added:

Thirdly and finally: does the enormous increase in the political and financial responsibilities of the municipalities give rise to a need for new constitutional provisions?

The Prime Minister added:

I do not believe that there exists any agency more directly concerned with these questions than this Federation of Mayors and Municipalities.

Who is the official spokesman (those are my own words) of all municipalities across Canada?

Born from a pressing need to settle the problems that resulted in the cities from the financial crisis of the thirties, your Federation has constantly reviewed the part the municipalities should play, and their relationship with the provincial and federal governments.

[Mr. Mongrain.]

• (4:50 p.m.)

Mr. Speaker, I am in the very thick of things. I might say that I have been familiar with the municipal problems for the last twenty years or so. I was on the executive of the Conference of the mayors of central Quebec, which comprises 85 municipalities. I have also been on the executive of the Union of the municipalities of the province of Quebec. I was on the executive of the Canadian Federation of mayors, of which, at one time, I have been the chairman. I took part in conferences of municipalities in the ten provinces of Canada. I attended seminars of municipal associations in the United States and Europe, and each time I set foot on Canadian soil I have noticed an almost incredible thing: when problems coming under these three levels of government are dealt with, the spokesmen of the municipal governments are practically ignored. They are treated like backward children and they find themselves constantly at grips with those difficulties that we are discussing, but they are devoid of the means of solving them.

Mr. Speaker, I think it is high time that the country be informed of such a situation. What are the needs of the municipalities? The answer should be at hand, as the municipalities submit these needs every year to the federal government which, unfortunately, be it Liberal or Conservative finds itself immediately in conflict with the provincial governments. These governments cry: "Hands off! The municipalities belong to us."

I believe this to be true. I admit that legally, municipalities are creatures of the provinces, but I also think that that gives the municipalities the right to take part in discussions and, when the time comes to share the revenue, the right to express their opinions. In fact, they are the ones closer to the people and in a better position to suggest solutions, since they have first hand knowledge of the problems facing them each day. And I do not know of any constitutionnal or legal provision which forbids the mayors of Canada to meet wherever they choose to compare notes to try to benefit from the experience of others, to consult those who are more experienced and together to devise solutions which will enable them to carry out their mandate.

Among all those problems facing us, here is how should be handled those coming under the jurisdiction of the three levels of government. Here is an excerpt from a brief entitled Submission to the Government of Canada, submitted by the Canadian Federation of

Mayors and Municipalities at the end of April of this year, and I quote:

[*English*]

Who is responsible . . . for housing, for pollution control, for unemployment and for creating new jobs, for devising policies which will bring about a reduction in the cost of money, for keeping prices stable, for assuring the welfare needs of less fortunate Canadians? The locus of responsibility lies somewhere in a limbo of constitutional debate, infringement and obscurity. In seeking the responsibility for any one or more of these, insofar as it will mean access to new tax sources or revenues, the blanket—so to speak—is pulled back and forth between governments; there is considerably less blanket tugging, however, when it comes to enunciating effective policies. Here, the "buck" is passed and, all too frequently, the municipalities—within which such problems actually arise—are left to hold the bag.

[*Translation*]

Not only are municipalities refused the revenue sources they need, but they are handicapped on the debenture market. They have trouble selling their bonds. I understand there is at present in Canada $60 millions worth of municipal bonds on the shelves, and when they are finally sold, the rates are almost prohibitive, so that the municipality is still at a disadvantage.

I repeat that the provincial governments should once and for all understand that with the urgency and the proliferation of problems only dialogue at the three levels of government will make it possible to find acceptable solutions. For political or other reasons, attempts are being made to prevent that dialogue: In my opinion, it is a perpetuation of discrimination which is at the root of almost all the problems which we are discussing here, and which we find very difficult to solve.

Here are a few of the problems which were discussed by the mayors from all over Canada during their convention in Ottawa. Low cost housing with all the problems involved. Municipalities would be prepared to take action but they cannot afford it.

Mr. Speaker, a few years ago, some pieces of legislation were designed to assist directly the municipalities in providing for the construction of an adequate number of homes.

There was "The municipal. . .

[*English*]

The municipal winter works incentive program, introduced in 1958, was terminated in 1968. The municipal development and loan fund, established in 1963 (and which should have preferably been a permanent program under which capital funds would have been provided to the provinces to enable them to set up "municipal credit institutions"), was terminated in 1966. A program of federal financial assistance towards urban renewal, first established in 1956 and then given real substance in 1964, has been suspended since late 1968 and now appears to be in serious jeopardy.

[*Translation*]

—at least restricted to a certain extent.

[*English*]

The federal program of loans and forgiveness of loans for the installation of trunk sewers and the construction of sewage treatment plants, introduced in 1960, appears to be headed for termination. This is a sorry picture—

[*Translation*]

—say the mayors of Canada.

Well, Mr. Speaker, I repeat that the spokesmen of the mayors of Canada are not getting the deal they deserve, considering the serious and extensive problems they have to solve.

There is another problem which is a matter of concern for them: pollution—a serious problem as we all know. I would like to quote here the statement made by a doctor and published in the June 11 issue of *La Presse*. He had this to say last week, at Pointe-au-Pic:

Water pollution is catching up with us at an alarming rate. I would even go as far as to say that it is definitely out of control. Such was the statement made yesterday by Dr. Richard Nelson, from Hull, who is a member of the Quebec Water Development Committee, and a member of the Quebec Wildlife Federation.

Mr. Speaker, I was reading recently in a research paper that, last year, a special UNESCO committee made up of representatives of various branches of science coming from 55 countries met in Paris where they concluded unanimously that things being as they are, unless drastic steps are taken in just about every country of the world, by the year 2,000, it will be impossible for man and animals to survive on earth. That means that municipalities must soon take steps to deal with water and air pollution. But provincial and federal governments, in some cases, for all sorts of constitutional and other reasons, are not providing those municipalities the means to solve their problems.

There is also the question of fiscal matters. I know that, for several years now, municipalities have asked that a municipal fund be established, some sort of municipal bank to which the federal and provincial governments would contribute funds to enable municipalities to take advantage of the borrowing power of the federal government, or

at least from the easy credit of the federal government, in order to borrow at more reasonable interest rates.

This formula has been used in Europe for over 110 or 120 years. The communal funds have, we know, proved very successful. However, we are told that it cannot be done here for all kinds of constitutional reasons.

The mayors are also asking that the railway act be amended so that they will not have to pay such a large share of the building costs of railway crossings.

In addition, they are asking—and I believe this sums up their requests—for the right to participate in the constitutional conferences, especially those that deal with fiscal matters, in order to have the opportunity to put forward their views.

I have personally advocated in the house two or three years ago the creation of an intergovernmental advisory commission. This kind of agency exists in the United States and obtains excellent results. Such a commission could be useful in this country. It exists now in a somewhat different form in Canada but the representatives of the municipal administration are not entitled to give their opinion and are not invited to participate in the study or in the research of new means to solve the problems that exist on the three levels of government.

• (5:00 p.m.)

Mr. Speaker, it is the voice of the Canadian municipalities which I would like to project, and I would like it to be heard far and wide, so that whose whom I regard as most responsible for this disagreement or for this lack of dialogue between the three levels of government, the provincial administrators, the provincial premiers, the people in charge of municipal affairs, understand that even if we accept the fact that the municipality is, legally speaking, a creature of the province, therefore answerable to the province, its spokemen should nevertheless be treated like adults who are conscious of their responsibilities and who know how to solve the problems of their constituents. Therefore, they are entitled to give their opinion on the same basis as other levels of government, because they are not less important than the two others since they are closer to the grass roots and know more than any member or any other government what are the real needs of the people.

What are, for instance, the ways of dealing with the problems of leisure, with the sewage, water supply and street problems created by housing projects, with new parks development, with the fight against pollution and unemployment? How can we overcome the urban transport and development difficulties, in short those things that require capital investment, so as to enable all Canadians to benefit from that reasonable modicum of creature comforts without which, according to St. Thomas Aquinas, no Christian can find salvation.

[Mr. Mongrain.]

[*English*]

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate have passed the following bills without any amendment:

Bill C-150, an act to amend the Criminal Code, the Parole Act, the Penitentiary Act, the Prisons and Reformatories Act and to make certain consequential amendments to the Combines Investigation Act, the Customs Tariff and the National Defence Act.

Bill C-153, an act to amend the Historic Sites and Monuments Act; and also

A message informing this house that the Senate have agreed to the amendments made by the House of Commons to Bill S-29, an act respecting the production and conservation of oil and gas in the Yukon territory and the Northwest Territories.

GOVERNMENT ORDERS

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. E. J. Benson (Minister of Finance) that this house approves in general the budgetary policy of the government, and the amendment thereto of Mr. Lambert (Edmonton West) (p. 9880).

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I should like to take advantage of the latitude traditionally permitted in this debate to discuss a matter of urgent importance to the future of Canada. I refer to the disastrous proposal apparently put forward by the government at the closed door sessions of the federal-provincial constitutional conference.

I say "apparently" because it is impossible to be sure whether newspaper stories that

emanate from secret conferences are correct in substance or in detail. However, the *Globe and Mail*, an excellent newspaper in my judgment, has come out with a clearcut statement of a federal plan to allow any two of the four federal senatorial districts, the maritimes, Quebec, Ontario and the west, to veto the use by the Canadian government of the federal spending power through some machinery of a reformed Senate appointed in whole or in part by the provinces.

If this story is true, and I hope it is not, we in our party must hasten to express our view that it is an outrageous proposal, undermining the federal system and ignoring parliamentary control. Such a proposal would constitute a betrayal of the federal government's responsibility to maintain national standards in certain services essential to all Canadians. It would enhance regional disparities, and the whole system of social security as it has grown up would be undermined.

Within such a constitutional strait-jacket we might never have had old age pensions or the Canada Pension Plan. Although I appreciate that now old age pensions are specifically a federal responsibility, the original old age pension plan would no doubt have been vetoed and, at best, postponed. Federal contributions to the hospitalization plan for all Canada would never have come into effect. Without a doubt, the two central regions of Canada would have torpedoed for all of Canada the universal medical plan as recommended by the Hall commission. The Canada Assistance Plan, of which the predecessor of this government was rightly proud, might have been sabotaged.

A more serious aspect of these proposals is that once again they have shown that the government is unwilling to take parliament into its confidence. Here we have sprung, at a federal provincial conference, sweeping proposals which go to the very root of the constitutional structure and functions of parliament. Yet the elected members of parliament, and I believe this includes government supporters as well as members of the opposition, have been given no glimmering, no inkling, of what the proposals contain.

The government of Canada may well be committing itself to the provinces on constitutional amendments which undermine the federal power of dealing effectively with regional disparities. Once the government is formally committed it cannot back down and its supporters cannot defeat or change its proposals without voting lack of confidence in the government. We all know that in practice, if the government commits itself in advance, its proposals will be swept through by a majority vote. A commitment by the government without prior consultation with or approval by parliament has the effect of bypassing parliament.

Three of four years ago, and consistently since that date, we in this party and I personally have proposed, as have other members, machinery whereby the need for constitutional change in Canada could be examined by the elected representatives of the Canadian people so that when proposals were made to the provinces they would carry not only the approval of the government of the day but the consensus of parliament itself.

The proposal was for an all-party special committee on the constitution. The former Prime Minister, Mr. Pearson, said he approved of this plan, but he did nothing about it. The present Prime Minister (Mr. Trudeau) has never concealed his lack of interest in consulting the representatives of the people on constitutional issues. However, just the other day he announced in the house that at the next session such a committee might be set up. This would be locking the barn door after the horse had been stolen. Can anyone doubt if cut and dried proposals for constitutional change are presented by the government to such a committee the tendency of the committee would be to divide on partisan lines with, on one side, the majority dedicated to endorsing the proposal and, on the other, a minority in all probability dedicated to opposing it?

I want to go back now to the substance of the proposal. It is to give the provinces or groups of representatives in a reformed Senate the power to veto the federal government's use of its constitutional power to tax and spend on certain projects not clearly assigned by the constitution to either jurisdiction. I am well aware that there are two schools of thought in respect of federal use of the spending power. In the province of Quebec, for obvious historical and cultural reasons which one can and does respect, the exercise of the spending power of the government has often been regarded as an unwarranted, if not illegal, invasion of provincial fields of jurisdiction and provincial rights. But in the other provinces, particularly the have-not provinces, the exercise of the federal spending power in shared-cost programs has been absolutely essential and remains so if the people in those provinces are to enjoy any measure of equality in the services to which Canadians as a whole aspire.

We in this party are ready to recognize the strong and natural feelings of the people of Quebec and to concede some means of opting out of these cost-sharing programs without penalty, as a general rule. But to give a veto power to any two out of four regions in Canada and, above all, to senatorial minorities however appointed, would be to hamstring the initiative of the federal government and to deny to other Canadians the security and the standards to which they are entitled. It would be to deny the power of leadership in those fields to the parliament and government of Canada. The potential impact of parliament on the welfare of Canadians would be reduced to virtually nil, and interest in the federal government would consequently diminish if not disappear.

Let it be clear that we in this party do believe that shared-cost programs should generally be administered on a provincial and local basis. We do believe in the continuous and active co-operation of the federal and provincial governments. We do believe that the provision of adequate provincial revenues to carry out the tasks unquestionably within provincial jurisdiction is urgent. What we do not believe in is the abdication of the federal parliament from concern, in co-operation with the provinces, in such fields as housing, social welfare and medicare, and to give an external veto outside parliament is indeed a form of abdication.

• (5:10 p.m.)

There are in these proposals extremely important implications in the field of taxation. What we are now seeing, I suspect, is a total abandonment of the efforts symbolized by the Rowell-Sirois report to bring order out of chaos in the field of federal-provincial relations. This report was based on three essential principles: first, the removal of competition among the various levels of government in various tax fields through reallocation of responsibilities and the establishment of exclusive areas of taxing jurisdiction; second, the establishment of national standards; third, a system of equalization payments based on fiscal need in relation to national standards rather than on fiscal capacity.

It seems clear from the proposals set out in the *Globe and Mail*, and from the government's proposal, that the government is proposing to abandon at least the second of these pillars, namely, a strong, rational federal system essential in the long run to Canadian unity. This is the second recent incident which has demonstrated that the people of Canada elected the present government on the basis of a misunderstanding. The Prime Minister won acclaim all over Canada because he purported to stand for a strong federal government in a strong Canada. We are now seeing that this stance was misleading. The resignation of the hon. member for Trinity (Mr. Hellyer), because he discovered this misunderstanding, was the first disillusionment. It became clear to the Prime Minister's former deskmate and second in command that the Prime Minister in fact did not wish a federal structure strong enough to take an effective part in dealing with the housing problems of Canadians.

Now, from behind the closed doors of the federal-provincial conference in the railway station, emerges a plan to emasculate the federal government's spending powers and its ability to deal with regional disparities in social welfare. The man who won election on a "one Canada" slogan bids fair, if the present proposal comes into effect, to become the creator of a "four Canada" monstrosity.

I believe that the effective custodian of the rights of parliament and a federal structure which would preserve a strong central government is parliament itself. I urge my colleagues of all parties to make it clear to the government that it must not proceed to any invasion or erosion of federal constitutional powers without full reference to parliament, without adequate debate in parliament and without final decision by parliament.

Some hon. Members: Hear, hear.

Mr. Brewin: We find in the government's proposal something particularly odious—the notion of conferring a veto power over the action of parliament by some minority representation from a non-elective body, the Senate or the other place, if anybody prefers to call it that. Within a federal system such as we have in Canada there are more than enough roadblocks to effective legislative action to meet the needs of Canadians. It is hardly necessary for the government to create constitutional hazards, which will be the case under this proposal.

Constitutions seem to some people dull and lifeless legal documents, but I remind the house that the welfare of Canadians for whom we are responsible depends in a federal system upon the constitutional framework within which we operate. We in this parliament have a responsibility to the people who elected us to make sure that the constitutional framework, the strong federal Canada in

which we believe, is not eroded by any behind-doors conferences that may take place in Ottawa.

Mr. Allen B. Sulatycky (Rocky Mountain): Mr. Speaker, I wish to address myself this afternoon to two aspects of the budget, the deferred capital cost allowance which has already received a great deal of airing, and the user charges which were justified by the Minister of Finance (Mr. Benson) in his budget address. In his speech the minister announced the intention to impose a user charge on persons using commercial air carriers in Canada. I think that is fair and I have no quarrel with this innovation. In making the announcement the minister stated that it is a general policy "to ask those who benefit directly from services or facilities provided by the government to pay charges more in line with the direct cost involved". The minister further stated:

> In some cases these charges have not been recently revised to reflect current levels of costs or values of services and we are carrying out a systematic review and revision of these charges. We shall probably introduce some new charges as well.

I do not have any reason to argue with these statements in so far as they represent a general policy. I think it is a wise policy. It stands up well under scrutiny when it is applied in the manner which the minister specifically indicated in his budget speech. But I would like to caution the minister that this policy must be scrutinized in each particular case to which it is thought it might logically be applied.

There may well be instances when to insist upon adherence to the general policy would be unjust, impractical or unsupportable on any other ground. My experience leads me to mention precisely one such case. I refer to the charges levied on the use of certain Crown property located within the national parks of Canada. More particularly, I am concerned with Waterton Lakes National Park, Banff National Park and Jasper National Park, all of which are within my riding. These are the outstanding examples of Canada's national parks system—indeed, of parks systems anywhere in the world.

I know that a number of hon. members were fortunate to visit both Banff and Jasper last week, and perhaps they learned about some of the matters which are causing the people of these parks a great deal of concern. While I know that many hon. members have visited one or more of the mountain parks in Alberta, many others have not yet had the opportunity to do so. Those who have paid a visit almost surely did so as part of a vacation and therefore may not have become acquainted with the economic and administrative aspects of the parks operation. For this reason I think it is important that I devote some time to consideration of the operation of these parks and how they are affected by the declared policy that those who benefit shall pay the cost.

Jasper, Waterton Lakes, Banff, and Lake Louise which is within Banff National Park, are known throughout the world. Of the several million visitors who enter one or more of these areas each year, a high percentage come from outside our borders. To many people any one of these names may better describe Canada than Toronto, Montreal or any other place name in this country. To them Banff, Jasper, Lake Louise or Waterton may epitomize Canada as a country of spectacular vistas, richly endowed by nature, peaceful, serene and occupied by an industrious, courteous people.

In order to serve these visitors, Canadian tourists especially, when they visit these areas the government has for many years actively promoted the establishment of tourist facilities such as hotels, motels, restaurants, service stations and other businesses of the type which cater and appeal to the travelling public. At the same time, one transcontinental railway traverses the Rocky Mountains at the exact location of Banff National Park, and the other crosses the same mountains by cutting through Jasper National Park. More recently the trans-Canada highway was constructed through Banff, and now an equally important and highly utilized road, the Yellowhead highway, bisects Jasper National Park. In addition, certain other national communication and transportation channels have, because of geography and physiography, been compelled to pass through these parks.

• (5:20 p.m.)

The net result is that the demand for tourist services at certain key points, coupled with active promotion for many years by the government of adequate facilities, further coupled with the needs of transcontinental transportation and communication, has resulted in the development at certain locations within these national parks of communities filling these established needs and demands. The result is that at both the Banff and Jasper townsites we now have communities of more than 3,000 persons each, and at Waterton and Lake Louise communities of much

smaller dimensions but in all cases very much like any other town or village in Canada except for the fact that these park communities occupy awe-inspiring geographic locations. The geographic location would be the only factor distinguishing one of the park communities from any non-park community in the mind of the casual visitor. But in actuality they are very different.

All land within the national parks is owned by the Crown. There is no privately held land. This is the basic difference between the communities within and outside the national parks. It is within this system of land holding in the parks that the application of the general policy stated by the Minister of Finance (Mr. Benson) breaks down. I will not at this time dispute the basic concept of this system since an essential element of it, the lease renewable in perpetuity, is now before the Supreme Court of Canada and also because that part of the problem is not wholly within any aspect of the budget as presented by the Minister of Finance. But the matter of compensation expected by the Crown from those persons who occupy Crown-owned land under a lease is one which is certainly described by the minister in his previously quoted remarks, and it is also one which deserves the full and careful consideration of this house in the context of those remarks.

I want to examine the situation which exists at the present time in the national parks of Banff, Jasper and Waterton. The federal government decided many years ago that in each of these cases there was an area which should be preserved as a park for future generations of Canadians. It needed these areas as national parks and it promoted them as such. Large amounts of money were expended in the interest of all Canadians for the development of these parks. In order to get people to establish necessary services within the area set aside as a park the Crown granted leases which contained a clause providing that such leases will be renewed time after time, in perpetuity. People moved in and accepted these leases. The government charged a small land rental, a nominal sum, for the use of this land. These leaseholders built improvements on the land and when, in the ordinary course of events, the leaseholders or their successors were required to dispose of the property, new inhabitants of the park purchased the improvements and the unused term of the lease. The balance of the lease term is valuable because it carries the right of renewal. In many cases a very respectable sum is paid for the unused term of a lease for this reason.

[Mr. Sulatycky.]

Once a leaseholder, an individual must assume certain obligations. He must pay the land rental to the Crown. In addition, he must pay the ordinary school and hospital taxes levied under provincial legislation. Furthermore, since the land rental does not cover any services, the government compels him to pay a water and sewerage rate to cover the cost of providing such services. In the meantime the Crown continues to expend funds on the development of the park.

It is noted by Crown officials that the revenues realized from the national parks do not equal the amounts expended on them. At the same time, other officials say that the residents of the parks should not enjoy any economic advantage over residents outside the parks, nor should they be at any economic disadvantage. The implication is that in so far as the cost of holding and maintaining property within the parks is concerned, it should not be a great deal more nor a great deal less than the cost of holding similar property in a community outside a federal park. This is logical.

However, it costs the federal government a substantial sum each year to operate and maintain the townsites. They are maintained at a standard well above those of any similar non-park community, not for the benefit of the people who live there but in the interests of the country as a whole. The intent is to benefit those people who find enjoyment in visiting the natural splendour found within the parks. It is only incidental that some of the benefits accrue to the people who are required to live in the parks.

Much of the cost of the operation of the townsites is directly attributable to the services provided in order that the townsites can cope with the demands of large numbers of tourists. The influx of tourists in the summer has the effect of multiplying five to tenfold the population which relies on the services of the government. I submit that under these circumstances it is inequitable to expect the permanent residents of the townsites to pay a rental more closely related to the costs of the services provided. To do so would depart from the proposition that these residents suffer no economic disadvantage nor receive any advantage.

The whole scope of the administration of townsites within the national parks has been a matter of concern for some years now. Many problems are involved in addition to the ones I have been discussing. Almost ten years ago the Institute of Local Government

at Queens University conducted a study for the department of northern affairs and national resources, then responsible for national parks. This study inquired into various aspects of townsite administration. The report which resulted from the study is commonly called the Crawford report. It is enlightening to read some of the passages of this report in the light of recent actions by the national parks branch and in the light of the policy which expects the recipient of services to bear the cost more directly.

Before I read from this report I should point out that there is no municipal government in the park townsites. Elsewhere in Canada a citizen has the right of representation in municipal, provincial and federal government, but not in a park townsite. The position has been that so long as the federal government pays the cost of the townsite there should be no right to municipal self-government in the townsites. So long as the federal government bore a large share of the costs the inhabitants of these townsites, quite rightly, did not expect a decisive say in their operation. The Crawford report had this to say on the subject:

> Local self-government involves a willingness on the part of the inhabitants to assume the responsibilities and obligations of government and a willingness to meet a significant portion of the cost. Without this willingness, local self-government will not function satisfactorily. Without the obligation to meet a significant part of the cost, there can be no real sense of responsibility in public spending.

If this is a compelling argument against self-government in the park townsites, and I think it is, then as soon as the obligation to meet a significant part of the cost is transferred to the inhabitants the same reasoning becomes equally compelling in favour of self-government. I merely want to mention this aspect of the problem now because I intend to deal with it in much greater detail in the coming months.

The Crawford report underscored other aspects of the park townsites operation. It found that the rents being paid to the government were in general very low and also that some lessees were much more favourably treated than others. At the same time it also pointed out that, in addition to rent being paid to the Crown, lessees were paying school taxes and charges for water and sewer services as well as hospital taxes. At the rates prevailing today the average home owner in any one of the townsites is paying, in various rates and levies, an amount equal to approximately 75 per cent of the taxes he would be required to pay on similar property situated outside the parks. All park residents would be extremely willing to pay an increased rental to bring this percentage to 100. This would involve an increase of 33⅓ per cent. No one would object. But it appears that the general policy as stated in the budget speech will be applied, and in the year 1970 residents of national park townsites will be expected to bear increases ranging from 100 per cent to 1,400 per cent. I suggest that this is unjust. The application of the general policy breaks down in this instance.

There is one more aspect of the matter of charging increased land rentals which I feel cannot go unmentioned. I refer to the inequities in the manner in which the rental increases will affect different pieces of land. Up to 1949 land was, generally speaking, available without tender or upset price. In other words, land was available for the taking. In that year the practice was changed to provide for the lessor to pay for land which he was leasing. In effect, he was buying a lease. In the words of the Crawford report:

> The tenderer then offered what price he was prepared to pay for a particular lot knowing when he did so what annual rental he would have to pay in addition to the price of the lot.

This meant, of course, that a bidder would be prepared to pay a higher price for a lot if he knew that it carried a low yearly rental. In 1952 the procedure was changed again, but the price of a lot was still inversely proportionate to the annual land rental. A departmental memo of that year stated:

• (5:30 p.m.)

> In establishing the prevailing upset prices for lots in park townsites, the department has taken into consideration the comparatively low lot rentals payable for lots used for residential purposes, as well as the fact that park residents, whether permanent or transient, pay no general tax rate and make no contribution towards normal townsite maintenance.

Obviously, it was the intention to nullify the lack of taxes by a higher upset price.

The effect of the department charging a substantial price for a lot is readily perceivable: it immediately established a lot value, whether that lot was purchased from the crown or from a previous leaseholder. The result was that any lot leased or lease purchased was in fact paid for by the purchaser. This situation obtained until recently when the procedure was again changed and leases on lots are now no longer sold by the Crown. Rather a lease is granted and the lessee

understands that he will be required to pay a substantial land rental. Then, on the basis of the existing procedure the department establishes increased land rentals and attempts to justify the same by claiming that the leaseholder possesses an advantage in that he does not have to pay for his lot. While that may be true in some cases, in the vast majority he did. And it does not make any difference that the price paid may have been to a previous leaseholder rather than to the crown. It was crown policy which encouraged the price structure of leasehold sales.

These are some of the problems connected with townsites in parks. There are many more, but these are the ones which stem directly from the policy respecting user charges stated in the budget speech. I hope the minister and his colleague, the Minister of Indian Affairs and Northern Development (Mr. Chrétien), will take cognizance of the weakness of the policy in certain situations and make the necessary adjustments to ensure fair treatment of those citizens who reside in townsites in national parks.

I want to speak briefly on the matter of the deferral of capital cost allowances on commercial projects in any city of more than 50,000 people in Ontario, Alberta and British Columbia. A number of members, particularly those in the opposition, have been critical of this action. Even greater cries of anguish have been heard from some municipal officials. They, of course, are given to self-concern only and have no need to think of the nation generally. For my part, even if the minister had risen in his place and announced in as few words as possible this deferral action, his budget speech would have been highly commendable.

I recognize that the primary purpose of this step is to hold down the fires of inflation which are reaching inferno-like proportions. However, it is the secondary effect of this measure, that of contributing to the easing of regional disparities, which most appeals to me.

By regional disparities, I do not mean only the disparities which exist as between, say, southern Ontario and western Newfoundland, for example. Indeed, I harbour no illusion that the minister's plan will in any way transfer some benefit from Toronto to anywhere in the Atlantic provinces. I am referring generally to the disparities of economic opportunity which exists within Canada. It will readily be acknowledged that the greatest opportunities for economic advancement exist within the confines of more or less a score of the largest cities in this country. A few miles outside these confines, the opportunities are drastically reduced.

But while there is this disparity, there is also competition between these large cities and the smaller communities in the hinterland. The basic competition is for capital. Many of the smaller communities show a substantial rate of growth, but they do not grow at the same rate as the large cities. They must compete with the cities for capital, and what they receive is not at all proportionate to what they and the larger cities require. In the end, the disparity is increased.

This provision in the budget will certainly not help any municipality which is far removed from any of the 22 cities affected, nor will it help any area which is in a state of recession; but it certainly should prove to be an asset in the search for capital by many smaller expanding communities. I hope it will have this effect. If it has, I know of many areas which will benefit. I can think of a number of expanding towns in my own area, towns such as Blairmore, Coleman, Turner Valley, Black Diamond, Canmore, Hinton, Edson, Drayton Valley, Whitecourt, Fox Creed and Grande Cache.

If the measure does not have the desired effect, as members opposite have been quick to predict, may I suggest that rather than having gone too far in this matter of deferral of depreciation the Minister of Finance will not have gone far enough. Perhaps serious consideration should be given to the repeal of all provisions for capital cost allowances on all buildings throughout Canada. We all know that the people who benefit the most are those who least need this kind of benefit. In its place, and as a measure to assist in the development of Canada, new provision should be made for capital cost allowances in those areas of Canada which are economically strong but do not have the capital drawing powers of the more highly urbanized cities in Canada.

I am pleased to be able to congratulate the Minister of Finance on this budget and particularly on the fact that it is a balanced one.

[*Translation*]

Mr. Henry Latulippe (Compton): Mr. Speaker, I am pleased to have the opportunity of saying what I think of the present economic situation, of the supposedly balanced budget—a thing that we had not seen in a long time—which was presented to the people.

Mr. Speaker, I would like to discuss this matter, namely whether it is important and justifiable to balance a budget. The question is to how are we going to do it, and whether it will help Canadians or be a nuisance to them.

Will not the fact of balancing the budget at this moment be harmful for the Canadian economy? I say, here and now, that the Canadian economy will be adversely affected, because to balance the national budget, it will be necessary to unbalance the taxpayer's budget.

This is, Mr. Speaker, where we stand with a balanced budget under the present system.

The Conservatives have tried to balance the budget when they were in power. The Liberals have been doing the same for many years because they have been in power for quite a long time. The Conservatives have not been in power very long, all in all, during the past 20 years. The Liberals have been at the helm almost continuously for some 30 years now. The Progressive Conservatives were only transients, but neither party has ever succeeded in balancing the tax payer's budget.

It is important to balance the budget, provided that does not throw the taxpayers' budget out of balance. Taxpayers are responsible for that budget. They pay for that. Depriving the taxpayer of his purchasing power to balance a budget, to please and serve big finance, is contrary to good sense.

• (5:40 p.m.)

It is preferable in the present system that budgets be unbalanced. It is awful to balance a budget, thereby throwing the whole Canadian economy out of balance, and keeping in misery, in poverty, in insecurity, a large part, and I could safely say, 80 per cent of the population. People are plunged in anarchy for the sake of a balanced budget.

They speak of inflation and they want to solve the problem inherent to it. As soon as the population is threatened with a certain economic unbalance, we are told that we are in a period of inflation. The people do not have the right to balance their family budget, they never have the right to do so; but the financier has the right to balance his own. He has the right to organize the inflationary economic systems. Under this system, the people are threatened with inflation and deflation and they go from one recession to another. In times of inflation, the watchword from the financiers is: austerity for the people. That means we must tighten our belts then.

In times of deflation, the financiers impose tight money policies, allow the increase in interest rates, which brings about ruin, bankruptcy, unemployment and misery. That is strangling, tightening the belt to the last notch.

This is what the so-called balanced budget is doing. To be realist, the financial system should conform to realities of production and needs. Now those realities are disregarded. No consideration is given to the real facts or to the physical facts. The purpose in balancing the budget is to give bigger interests to high finance, to bleed the people white and to put them at the mercy of high finance that exploits them in a criminal way.

To act in this way is criminal. Money should go where the needs are and the needs are felt by the people. The hon. member for Trois-Rivières (Mr. Mongrain) set forth, a short while ago, the needs of the people, of the municipalities and of the provinces. He stated that money was required to meet such needs but he did not ask the government where it was to be found. He did not ask the government to initiate reforms to change our vicious financial system that deprives the population of its freedom and its right to live decently. That he did not say and will not say, because that might not serve the purpose of some supporters or some financiers, in the government itself or in the country at large.

We have never experienced a viable economic balance in Canada for decades. We have never balanced our budget as concerns corporations or individuals. The prices of services have been raised as never before in Canadian history.

Indeed, it is easy to balance the budget, if all the services provided to the provinces and municipalities to promote our economy are curtailed. Investments have been cut but the interest rate was allowed to rise, which is the main cause of inflation and will lead the great majority of the people to deflation.

Inflation is due to 20 per cent of the population, while 80 per cent suffer from deflation. Who cares? Yet the budget must be balanced.

Mr. Speaker, since I came here in 1962, both Tories and Liberals have attempted to balance the budget. The Liberal or Conservative opposition raised a strong protest and said that unemployment was worse than ever and that the government should do something to deal with unemployment and poverty, to foster the development of municipalities and school boards and promote housing. In fact, no houses had been built in ten years and

nothing had been done to balance the budget during the same period. The whole economy was lagging behind, and was practically at a standstill.

The Conservatives, under the present system, tried to put the economy back on its feet. They devised some measures to promote winter works, to help municipalities and provinces and to alleviate unemployment and poverty, which were rampant in this country.

But to that end, it was necessary to accept an unbalanced budget, to raise loans, to pay interest rates in order to finance provincial, municipal and school debts. For that purpose, the debt was increased, and the federal budget was alarmingly out of balance.

Then the Liberals came to power. The people were unhappy because the debt had been increased, the economic problem remained unsolved, for there were still pockets of dire poverty in the country. Adequate solutions and possible improvements had been merely touched on and a few improvements had been made.

The Liberals contend: the Conservatives have spent too much, they have increased the debt of the country. We will have to increase taxes, to cancel joint programs, make a cut here and a cut there. That is what has been done in the last few years, and it is claimed that eventually it will be possible to balance the budget of the financial interests, but not that of the government. We will allow finance to collect interests of 10, 12, 15, 24 per cent, to sweat the people, to lay down the law and, at the same time, we will bring the Canadian economy down to its lowest level.

• (5:50 p.m.)

The Progressive Conservatives will tell the people: "The Liberals gave you nothing and did nothing for you." Then they will try to get back into office with exactly the same administration, the same wagon, the same old run-down jalopy which is done with, but instead of changing the old crate they change the driver. This has been going on for decades now.

And so for Canadians at large, things remain static or grow worse, because every time something is being done for the people, we get into new debts which we are unable to repay. And when a group such as ours, demands a balanced economy, a reform of our financial system the financing of our provinces and municipalities with the same appropriations available to us now, but interest free, they say we are crackpots, whacky, simpletons, mentally deficient and off our rocker. But I wonder who is mostly off his rocker at the present time and if one of the two parties have really found a solution. I have heard several Conservatives or Liberal members speak on the budget. But not a single one suggested even a shadow of a solution to the problem. However, they want to take over, and to govern. They blame our present leaders without offering however any concrete solution for balancing our economy.

It is not this budget which is going to set our topsy-turvy economic situation right again. First, in order to balance the budget, there should be a reduction in expenditures and capital investments. For instance, the winter works programs have been cancelled and a number of measures liable to increase the purchasing power, which would enable the human being to fulfill itself, the various bodies to build, to expand, to give the nation that to which it is entitled.

But all this progress is being delayed to allow the financiers to exploit the people, to extract frightful interest rates and neither the government nor any government member has any say in the matter except the hon. member for Trois-Rivières who said a while ago that the interest rates are exorbitant and that something should be done to remedy the situation. He is the only Liberal member I have heard take the people's side rather than that of the financiers.

We have known wars and crises and we are still living in a period of inflation and deflation because we never had a balanced system.

Let us take, for example, the war which the United States are waging against Viet Nam. You will tell me that the war is not ended though it is about to end. However, for the five years which this war has been going on, we have seen unparalleled prosperity in the United States. They spoke neither of deflation nor of inflation because everything was going well. Now, they talk of peace. Although it is yet to come, the problem of inflation is already being raised. By means of taxes, levies and exorbitant interest rates, they want to take away from the people the money Canadians earned during the war, in order to put it in the hands of the high finance, which will exploit the people again by imposing a 10 per cent rate of interest.

Mr. Speaker, that is what we have come to on account of a topsy-turvy international economic system. As soon as the United States get themselves in this kind of a mess, Canada

suffers; she immediately raises her rates of interest. The Bank of Canada immediately increases its discount rate instead of lowering it, in order to lend money to the Americans.

Mr. Speaker, instead of cashing in on credit with an American guarantee, we prefer raising our rates of interest to the level established by the Americans, to prevent them from coming here, and buying our products. As for the high finance system, not a single one among you condemns it. Not a single one among you realizes what is going on. We are told it is a normal thing to balance a budget. We are told this is sound administration, and adequate and rational way of doing things, while the opposite is true. It is the most illogical administraton we have ever seen and we shall ever see in any country.

What does the present budget amount to? I say with certainty that the increase in the debt service means that the Canadian people will pay the highest interest in their whole history, and statistics bear me out on that point.

Let us just think of the Post Office department. Postal tariffs became perhaps 500 times higher than they should have been perhaps even they were set a thousand per cent too high. Indeed, they have been increased tremendously in order to balance the budget. We blame the minister, Mr. Speaker, because he is primarily responsible but he is not the only one. All hon. members are to be blamed, all those who accept such a situation.

Looking at the interest of the debt, we see that it amounted to $817 million in 1961, to $1,147 million in 1964-65, and to $2,102 million in 1968-69. There will be a fairly large increase in 1969-70 since bonds will be redeemed at the new current interest rate.

The minister wants to check inflation by increasing the interest of the debt and keeping taxes as they are. He is strangling the taxpayers. The budget is to be balanced at the expense of the taxpayers, that is by upsetting even further the individuals' budget, to balance that of big finance, by keeping higher interest rates which will give more money to—

The Acting Speaker (Mr. Béchard): Order. I am sorry to interrupt the hon. member, but his time has expired.

[*English*]

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Deputy Speaker: Prior to recognizing the hon. member for Carleton-Charlotte (Mr. Flemming) I am advised that the hon. member for Bourassa (Mr. Trudel) would like to revert to routine proceedings for the purpose of presenting a committee report. Is this agreed?

Some hon. Members: Agreed.

[*Translation*]

ROUTINE PROCEEDINGS

FINANCE, TRADE AND ECONOMIC AFFAIRS

Twenty-fourth report of Standing Committee on Finance, Trade and Economic Affairs, in French and in English—Mr. Trudel (Bourassa).

[*Editor's note: The text of the foregoing report appears in today's Votes and Proceedings.*]

[*English*]

GOVERNMENT ORDERS

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. E. J. Benson (Minister of Finance) that this house approves in general the budgetary policy of the government, and the amendment thereto of Mr. Lambert (Edmonton West) (p. 9880).

Hon. Hugh John Flemming (Carleton-Charlotte): Mr. Speaker, in making some remarks in connection with the proposal made by the Minister of Finance (Mr. Benson), usually termed the budget speech, I first want to tell the house how impressed I was with the speech made this afternoon by the hon. member for Greenwood (Mr. Brewin). He referred to the delegation of responsibility by those who have been entrusted with responsibility by the people of a country. I have always had a very strong opinion relative to the delegation of responsibility.

Generally speaking, people are elected by their friends and neighbours who know them

well. They are elected because of the knowledge which others have of them and because of the things they promise to carry out. They are elected because they have a certain policy and have indicated they will carry out that policy. I am anxious to express my disapproval in no uncertain terms of any suggestion that there be some delegation of control of federal spending to any other body in Canada, thus removing control from a strong central government. This was the suggestion to which the hon. member for Greenwood referred this afternoon.

We have before us a motion by the Minister of Finance, and since it is very short I will quote it:

> That this house approves in general the budgetary policy of the government.

I think we have to consider the question of whether or not the government has changed its policy. We have to decide whether it is the same policy that has been in effect since 1965, and even since 1963. I cannot think of anyone in a better position to express approval or otherwise than a man who has been a member of the government and who, within the last three or four weeks, found reasons to resign from it.

I have here in my hand an article from the Halifax *Chronicle-Herald* headlined, "Hellyer Takes Swipe at Policy." This refers to the hon. member for Trinity (Mr. Hellyer) who should know all about government policy. The article bears a London, Ontario, dateline and reads:

> Mr. Hellyer attacked what he called excessive emphasis on constitutional reform and not enough on bread and butter issues.

The reason I quote it is this gentleman should certainly know all about government policy, yet he says it is not the proper policy for the country and, as the headline says, he takes a swipe at it.

A headline in the *Globe and Mail* of June 11 stated, "Hellyer Wants Government to be More Businesslike." He implies that the government does not have the proper amount of business ability. All who are not prejudiced and whose eyes are not clouded by bias know the government has indicated absolutely no business ability in the way it has handled the affairs of the nation over the last few years. We would not be in the position we are in today if it had shown business ability. So, this is the headline, "Hellyer wants government to be more businesslike". This is the statement of a man who knows all about the government because he was a member of it. Here is another statement in the Toronto *Star* having to do with government policy. It reads, "Hellyer says government to blame for financial mess." Those are his words; they are not mine. We are being asked to express approval of the budgetary policy of the government when a former member of that government finds he cannot accept it. He makes speeches and tells the people of Canada the reasons he cannot support it. It seems to me this is a very difficult motion to support. I suppose our friends opposite will say they have to support it because that is their job; but that is not the job of the hon. member for Trinity (Mr. Hellyer). It will be interesting to see how he deals with this motion.

• (8:10 p.m.)

So far as I am concerned, has this motion been qualified to some extent then probably I might believe the government had a change of heart, that it had changed its policy and that the new policy might be acceptable. But this motion does not indicate there has been any change, and therefore it seems to me it would be very difficult to accept the motion. Then, we have an amendment by the hon. member for Edmonton West (Mr. (Lambert) to the effect that this house regrets the continuing inability of the government to curb the relentless increase in the cost of living since 1965. How could anyone vote against that amendment? I repeat the words "regrets the continuing inability of the government to curb the relentless increase in the cost of living". That is sometimes known in polite terms as inflation. Then, the amendment goes on to say, "while increasing the hardship on the unemployed, the poor, pensioners, farmers, and other victims of the just society". I think I remember where that phrase "just society" originated, but the way things are going I think the spelling of the word should be changed to j-e-s-t instead of j-u-s-t because that would seem to be more appropriate.

To my hon. friend opposite who interjected may I say there is more joy in heaven for sinners who repent than for all the others, so there is some chance for my hon. friend opposite. The other night we had a vote and the government marshalled all its forces to defeat the subamendment. That was the first time since the budget debate started that the government front benches had been filled. Most of the time they are nearly empty. Tonight, they are nearly empty. I do not think it is entirely because I am speaking; I hope it is not. No members of the cabinet are present,

but there are some other men present who I hope have some influence. I think they should consider very sincerely whether the committee system is a success if the committee system results in some members losing interest in attending the debates of this house to the extent that would seem to be indicated by the lack of attendance here tonight.

An hon. Member: Where are your members?

Mr. Flemming: I think our members are attending fairly well, but whether or not they are in their seats, we are not responsible for conducting the affairs of the country. I suggest to hon. members opposite that perhaps they should examine themselves to see whether or not they are making a proper contribution. I think we should give the Minister of Finance some credit because usually he is in his seat, even though he makes his presence known mostly by interruptions.

Mr. Bell: The minister is not there now. There are no ministers over there.

Mr. Flemming: I can get along without them. As a result of defeating the amendment proposed by the New Democratic party, the members of the government have said in effect that they refuse to consider any measure for the relief of people who are obliged to live on incomes which are below the average. They voted down the amendment. The government has said, in effect, that they will not grant relief in that way. The Minister of Finance, in his speech, has said that he will grant this relief by dealing with inflation and by bringing down prices.

I submit that since the government has indicated its lack of interest in tax reduction, it has decided it must address itself to a reduction in the cost of living. How does the government propose to do this? Well, the other day the minister told us how they propose to do it. I think, however, it would be a good thing if some of our friends opposite would elucidate on how they intend to deal with the matter of inflation. They have not done so. It seems to me the only action they have taken has been the acceptance of the increase in the price of money, the increase in the interest rate. Presumably, this is so that people will not proceed with projects but will postpone them until money is more plentiful and less expensive. With this postponement will come a lessening of employment and people will seek employment elsewhere. In my opinion, there is a more direct way in which the government could do this. The government could insist—I say this most advisedly—on a reduction in wasteful projects. This should apply not only to governmental waste but also to waste by Crown corporations which are dependent on this government and parliament for their operating funds.

I think the Minister of Finance should be very firm with the bureaucracy which is increasing numerically. Every single person added becomes a proponent of some type of government expenditure in order to justify his existence. I have had some experience in other places and I suggest that it is common for the importance of a department to be judged by the amount of money it spends. I presume this is still the case. It is time the Minister of Finance did something about this. He will certainly have to do something about it if he expects us to support this motion which indicates that we approve the budgetary policy of the government. He will have to indicate that he intends to do something about it. Does he know, in the case of the Crown corporations, what expenditures have been suggested or even approved? In the first portion of his budget speech he glibly stated that we are now getting a firmer grip upon the national finances and bringing them under more effective control.

When have the national finances been under effective control? I should like some gentleman opposite to tell me when this has happened because there is no indication of it so far as I am concerned. We know the remedy for inflation is not some pleasant medicine. If anyone has this idea he should get rid of it because it is not true. The required improvement can be brought about only by some bitter medicine. The health of the patient, in this case national finances, can be improved only by taking some bitter medicine. The final result will be some improvement in the degree of inflation or even the curing of a portion of it.

• (8:20 p.m.)

I acknowledge freely that the intention of the government to live within its income and not go to the money market to borrow is in itself a constructive step. I give the minister and the government full marks for that, because this leaves the door open for private business to borrow the money it needs.

In this budget speech the Minister of Finance announced that the 3 per cent surtax would be continued until the end of 1970. He said last October it would be terminated in a

year. His reason for changing his mind and not carrying out this commitment is that this taxation is required for economic stabilization and not for revenue. He uses this word "revenue", but that is just the old word "taxation" dressed up in new clothes. There is no other word for it except "taxation". This tax must come out of the pockets of the people of Canada. Supposing we were to accept as valid the argument that the Minister of Finance had to levy this tax to stabilize the economy, then this would entail a responsibility on him to see that the tax money thus received was used for the purpose of balancing the budget, of lessening the need for borrowing and for fighting inflation. For this reason, and only for this reason, can this tax money be used for the very worthy purpose of lessening the cost of living.

The reduction, and even an attempt at elimination of waste and extravagance, is one way to combat inflation. The basic principle of a stabilized currency is that we live within our income in good times, thus paving the way for priming the pump by an infusion of borrowed money in hard times. That is as simple as it can be, but this policy has not been carried out by this government. That is why no one, unless he has some other motivation, could possibly vote for this motion before the house tonight.

Investment money pours in because people feel, on the basis of previous performance, that this is a safe country since the people have a sense of responsibility. This is what happens when the world community sees a country balancing its budget. The people invest their money because they feel it is safe and that the government is doing something about the situation. All we have heard or witnessed has been a lot of idle words from different ministers of finance, time and time again.

These ministers of finance said they were conscious of so and so but that they had to do such and such, so on and so on. Finally, we wind up with a fiscal situation as bad as ever. This time we are going to end up with $250 million. Let me tell the Minister of Finance that the Liberal government which enjoyed the type of reputation which was desirable was the Liberal government of Mr. St. Laurent. There is no question about that. The federal government of those days not only lived within its income, it actually reduced the debt during some years and, as a result, the cost of living remained fairly constant. People were able to balance their own budgets and live within their own incomes.

[Mr. Flemming.]

At this time I should like to deal with the matter of tariffs, but because I may not have sufficient time, before I talk about the tariff changes which the minister announced in his first budget. I should refer to another matter. The matter I wish to bring to his attention is something the government has indicated it has in mind. I refer to regional disparity. Let me bring this to the attention of the minister and all those influential members of the Liberal caucus who are within the sound of my voice. I presume they are all influential just as my friend, the hon. member for Fort William (Mr. Badanai), is influential, along with the rest of them over there if they have any sense at all—sometimes I doubt it.

Surely, the minister already has knowledge of the situation in the maritime provinces, especially New Brunswick and Prince Edward Island. The government should devote some attention to this problem which has a reasonable opportunity of affecting this important area. This course is not going to cost the government anything. It should make representations, and I am sure the minister has been approached along these lines, to the United States leading to the elimination of the tariffs on potatoes imposed by our next door neighbour.

Before beginning my remarks on this subject, let me point out to the minister that both New Brunswick and Prince Edward Island have a very close interest in the production of potatoes. Their soil is well suited to this production. I have always felt that so far as our part of the country is concerned, we should place an emphasis on our natural advantages rather than on our disadvantages. One of the biggest advantages in the maritimes over other parts of Canada is that the soil is very good for growing potatoes. This crop is very important to the economy of these two provinces. I know the minister might say that he cannot do anything about free trade with the United States in respect of potatoes because the population of that country is 200 million compared to the 20 million population here.

Let me give you some information about this situation, Mr. Speaker. Since our area comprises a portion of Canada which unfortunately qualifies under the heading of regional disparity, it appears very logical that any action leading to an improvement in the general standard of living in our area should be explored. There is nothing wrong with that. I am now talking about the potato industry in

the Atlantic provinces, especially in New Brunswick and Prince Edward Island.

Let me first state the objective which, very simply, is this: Free trade between Canada and the United States in potatoes. Why should this be an objective? Because under the general heading of fruit and vegetables we bring into Canada each year from the United States over $200 million worth of products, and we sell them only 20 per cent of that amount.

Mr. Deputy Speaker: Order, please. I am sorry to interrupt the hon. member, but his time has expired. Does he have the unanimous consent of the house to continue?

Some hon. Members: Agreed.

Mr. Flemming: I thank you very much, Mr. Speaker, and I thank hon. members of the house for this privilege.

In 1965 we exported $39 million in fruit and vegetables and we imported $200 million worth. In 1966 we exported $34 million in fruit and vegetables and we imported $210 million worth. In 1967 we exported $40 million worth of fruit and vegetables and imported $217 million worth. In commenting on those figures I should like to use the words of Harrison McCain of Florenceville, New Brunswick, the president of McCain Food Ltd., probably the largest food producers in Canada. This industry, to a great extent, exists in my constituency. This company has processing plants in many areas. Mr. McCain uttered these words:

> This is a drastic imbalance of trade and on this basis we have a perfect right to ask for duty free entry of our potatoes to help correct this imbalance.

In the same public document Mr. McCain reported that, in respect of potatoes alone, we imported more than we exported, the figure being 9.2 million cwt. imported as against 7.3 million exported. In other words, 20 million people bought more from a country with 200 million than that country bought from us.

This morning at the public accounts committee we were examining the remissions under the auto pact. The thought occurred to me that we might work out an agreement whereby we receive a fair share of the United States market for New Brunswick and Prince Edward Island Potato production by special arrangement. That is what this auto pact was, it was a special arrangement, and the government did not seem to have any difficulty working that out. We have a special arrangement with regard to oil and there does not seem to be any difficulty, or at least no administrative difficulty.

New Brunswick and Prince Edward Island produce something less than 10 per cent of the United States market requirements for potatoes. I know the government of New Brunswick has taken this matter up with the Minister of Agriculture (Mr. Olson) and I have no doubt that the Minister of Finance is familiar with it. I believe the Minister of Industry, Trade and Commerce (Mr. Pepin) has been approached in this regard.

Let me add my voice, with all the force and emphasis of which I am capable, to the voices of all those who have approached the government to request negotiations with the United States on the question of duty free potatoes, in both directions, with special attention to the hazardous state of this industry in New Brunswick and Prince Edward Island. I say to the Minister of Regional Economic Expansion (Mr. Marchand) that it is just as important to revive and save an industry as it is to go to the expense of creating a new one.

• (8:30 p.m.)

Some hon. Members: Hear, hear.

Mr. Flemming: I say this, Mr. Speaker, because a great many people are involved in this problem and the way we handle it.

Mr. Colin D. Gibson (Hamilton-Wentworth): Mr. Speaker, several points made by the hon. member for Kootenay West (Mr. Harding) on Tuesday should not go unchallenged. First, he misinterpreted the Carter report and was in error when he indicated that the budget overlooks tax reform. The Carter report in fact deals with all taxpayers, be they pensioners, widows or wage earners, on the same basis. The impression the hon. member sought to leave was that we should have treated these problems differently and that the Carter report so indicated. Perhaps the hon. member has failed to grasp the significance of the regional technique introduced into the budget for the first time this year. He is probably unaware that this technique was also recommended in the Carter report. We have had a long and interesting debate on the budget. So far, it appears to have been accepted by the country as a whole with enthusiasm as a progressive tax reform budget.

Mr. Flemming: Time will tell.

Mr. Gibson: Of course, there are always wild-eyed socialists who see no good in any reforms except neo-communistic measures which completely stifle initiative and leave the economy in a straitjacket, as is the case

today under the Labour government of the United Kingdom. It is indeed fortunate that the pessimistic thinking of the hon. member for Edmonton West (Mr. Lambert) no longer prevails in this country. He had no words of kindness for the Minister of Finance (Mr. Benson); only bitter sarcasm tinged with bulbous pomp and ceremony. However, gradually the opposition parties will grasp the brilliance of the budget plan and will realize that the regional approach to financial problems in Canada is practical and, of course, is one that will better balance the regional development of this great country.

The hon. member who has just resumed his seat, spoke with eloquence, as he always does, about the unbalanced treatment accorded by the federal government to the problem of inflation. I suggest that his words are a little too premature, when it is quite apparent to all of us in this country that the Prime Minister (Mr. Trudeau), in calling the federal-provincial conference which is in session at the present time, is urgently grappling with the problem of inflation. The Prime Minister is dealing with a very difficult problem in a humane and practical manner. This is demonstrated by the intensive effort being put forward to make the conference a success.

The Prime Minister and the provincial premiers are not facing the country under the glare of publicity. They are seriously engaged in an effort to change our great constitution. Let us hope they succeed. Why do I think they will succeed? Yesterday a press release was issued by the Prime Minister and the premiers of the provinces which indicated that spending power has been given top priority and that the Prime Minister has explained to the premiers representing the provinces of this great country that we will try and deal with the problem on a federal basis. Therefore, if two of the four regions do not wish to enter a scheme, they do not have to do so. This is a humane approach to dealing with the problem of inflation.

If the Minister of Finance had in his budget spelled out a great many detailed methods of trying to deal with inflation, would he not look stupid if the programs he proposed could not be implemented because the provinces would not co-operate? I suggest it was much sounder for the Minister of Finance to outline the general principles of how he would do this, then iron it out with the provincial premiers and come into the house with a concrete plan. Surely, Mr. Speaker, this is a much better approach to the problem.

[Mr. Gibson.]

We on this side of the house agree that fiscal restraint is the foundation for a check upon inflation. In this way we shall succeed in easing strains upon capital markets. The Prices and Incomes Board set up under the Minister of Consumer and Corporate Affairs (Mr. Basford) presents this country with a real challenge in dealing with inflationary pressures. This is a new approach to the problem and we, as Canadians, can counteract the forces which cause inflation. It may be that in concert we can agree not to buy certain goods if the prices of those goods are increased. Perhaps we can find a method of using television and radio in a way that is not dictatorial but expresses the free will of the people in their distaste of enterprises which have selfish interests at heart. If the Prices and Incomes Board can succeed in this area, with the aid of the Canadian consumer, we will have achieved a new method of dealing with our economic evils. In fact, a new force, the force of consumers' associations, may be able to organize against unfair price and wage increases. I welcome the efforts of the government to start work in this direction.

I submit that the Kennedy round tariff reductions will help to increase price competition and resistance to increased costs. The hon. member for Kootenay West asked, what is the government doing about unemployment? I wonder where he has been. The answer is that we have established the finest Department of Manpower and Immigration in the world. We now have the best system in the world for retraining industrial workers. We have departments of government which assist in finding the jobs and training workers for new jobs when the jobs they held are abolished. This is what we have done to cure the problem of unemployment. We have established the department of regional development so that in areas of economic trouble efforts will be made to start new industries. This program is related to the provision of employment in our depressed areas. It does not apply only in the isolated context of bringing in one industry to create jobs; it applies to a whole area. We are trying to develop not just one industry but a community spirit, and housing projects to go with it. The important thing is to arrive at agreement with respect to urban renewal projects. I am sure this problem will be dealt with by the federal-provincial conference.

I should now like to say a few words on natoinal unity in the context of regional development. We have heard a great deal of half-baked, uninformed criticism in this respect,

which as usual has failed to impress the house because it has been unconstructive. I urge the government to establish a national pollution control board in co-operation with the provinces. I believe now is the time to develop this idea, because we are embarking upon a course of pollution control which should march hand-in-glove with regional development.

It is imperative that new industries be compelled to use anti-pollution equipment and methods as plants and machinery are installed in new areas. Second, as this country opens up and develops in the northern regions, let us not repeat errors of the past by ignoring pollution control. Now is the ideal time to introduce pollution control methods in connection with regional planning and other matters. We should now institute a system of pollution control in the north, and not attempt to deal with the problem when it becomes greater, as is the case now in the southern parts of this country. In fact, if the federal government created a pollution control agency which would lay down for provinces and municipalities standards, ideas and methods of dealing with the problem, Canada would be advancing in the direction of success in the battle of survival and the war against pollution. I have a little more to say on that subject at this time.

• (8:40 p.m.)

I have participated in the review of foreign policy in the Committee on External Affairs. Today we visited the NORAD centre at North Bay. It is apparent that not only are we well prepared for a bomber attack but that our forces are working in harmony with United States officers and other ranks. I was impressed by the efficiency and preparedness of our fine service officers and other ranks at North Bay.

I believe that our review of foreign policy should include the problem of disarmament and nuclear testing at the same time as the problems of military defence. Surely, members of parliament should participate more in the process of policy development. We have made a good start in this area, but I believe that the External Affairs Committee should be closely involved in the current disarmament negotiations at Geneva. We should know what is going on there and be briefed on it.

In the field of national unity I wish to report on a parade that I witnessed last week which would warm the heart of the toughest minded person. We saw thousands of young Canadians carrying Canadian flags and singing "O, Canada" as we watched their happy faces pass before us. We were watching the new spirit of Canada, a spirit which has no prejudice but which has a longing to live in contentment, in peace and happiness. I speak of the flag day at Stoney Creek last week when, in the presence of the Minister of National Health and Welfare (Mr. Munro) and of the hon. member for Hamilton Mountain (Mr. Sullivan), we were fortunate to see an example of citizenry organizing a national effort toward national unity. The Kinsmen's club of Stoney Creek organized a large parade in which groups of all sorts of people participated in a gigantic effort to display the national spirit. Somehow I believe that we caught the message from these children. In part it said: "Change your foreign policy; struggle and succeed with multilateral disarmament; strive for a land of energy and devotion to duty through the United Nations—and if you do, this world will be a far better planet on which all of us can live in harmony."

With regard to external affairs, I am proud of this government's policy, a policy of questioning historic practices, a policy of reshaping our goals in this modern world, and a policy which recognizes the vital factor in our lives, namely the necessity for communication, communication with new entities, new people, and new ideas. As the spirit of Canada develops, as I was privileged to see it develop in the presence of the Minister of National Health and Welfare, I suggest that nothing can stop this country from progressing and developing to become the greatest country that has ever existed.

I urge the Secretary of State (Mr. Pelletier) to pronounce Canada flag day soon. We seem to have slowed down in exhibiting the true spirit of Canada, that is we are not leading the people sufficiently by a symbolic reference to our flag by proclaiming Canada flag day. As was demonstrated last week, we can provide the Canadian people with a sort of identity. Also I ask: What has happened to our national anthem? Why have we not celebrated D-Day recently on Parliament Hill? I do not advocate a complete holiday every year to celebrate D-Day, but I submit that when the Canadian army landed in France it was an historic event and a milestone in the history of freedom. At that time Canadians from many units, both English and French speaking, forged a link in the chain of democracy. I say that there is a place on Parliament Hill and a time to recognize that event and

other significant events in Canadian history. I say that we should commemorate that great day by a tattoo of bands on Parliament Hill and we should inject into that celebration the enthusiasm of young Canadians who really do know the words of the Canada song. We can remove the cannons and replace them with modern words, but we should look back to that historic day with pride and joy.

Furthermore, I endorse the suggestion put forward by the hon. member for Cochrane (Mr. Stewart) that we place a Canadian flag in the chamber of the House of Commons.

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, members of the house, and especially hon. members opposite, will no doubt recall the number of questions that I put to the government with regard to the Devco corporation. Hon. members will also recall the delight they felt when the Prime Minister (Mr. Trudeau) found it necessary to read out a telegram from the local union back home telling me to cool down and be quiet—in essence to shut up with respect to my representations concerning the retirement plan. The only problem is that when the Prime Minister reminded the house of what the union told me, neither he nor the government realized that the attitude of the miners in Cape Breton had been reversed. Many representations were being made to me asking me to continue my fight against the early retirement plan proposed to the government. Hon. members opposite will probably find it hard to believe, but last Sunday I found it necessary to stand before a meeting in my home town at which a considerable number of miners were present and tell them that the members of the House of Commons cannot be faulted. I even apologized for the Liberal members in this house because, as I said, this house is not responsible for the plan.

I think this is a case of the tail wagging the dog. I ask hon. members present, and especially the minister present, to pay some attention to my arguments and to examine what is developing with respect to this plan so that a fair deal may be given to the retiring miners. An early retirement plan was brought about by Bill C-135 with respect to the Cape Breton coal miners. The intention was that the mines be phased out over a period of years which would mean a saving to the federal government of upward of $20 million annually, a sum which was paid out by way of subventions and which permitted the coal mining operation to be carried out over the last number of years.

If I were to discuss pensions, and time does not permit me to do this, I could refer to a great number of subventions granted by the government. The fact that subventions to the coal industry have been cut down, and an early retirement plan made available, might make you wonder why coal miners in Cape Breton have deserved this kind of treatment. They do not deserve this kind of treatment any more than any other segment of the economy which depends on subsidies from the government.

I can well imagine what the situation would be if subventions or subsidies were withdrawn from the agricultural field or if the couple of million dollars which were made available to dig the hole in the ground for the Arts center were withdrawn. It is going to be subsidized to the tune of a couple of million dollars a year. We could have the withdrawal of a subvention in the form of a write-off which was just given to the city of Montreal to the tune of $125 million, or of a subsidy which will be made available across the river in Hull amounting to $200 million. I could go on and on. This is why I say that miners in Cape Breton are entitled to this subsidy, but at the moment the tail is certainly wagging the dog. If the government took a good close look, as I have suggested before, at a public meeting, it would be discovered that members of this House of Commons do not want to associate themselves with what Devco is doing. I feel sure of that, so sure that I am ready to stand up and defend the Liberals, which I have done. This statement can be checked. I am sure that no member of parliament wants to associate himself with the dishonest approach of those who are running this Crown corporation.

Why do I call this approach dishonest? I can give many reasons. The preamble of the bill which set up this corporation recommends closure "unless a substantial capital investment is made" for the rehabilitation and modernization of these coal mines. Farther on, the preamble reads:

> —the major coal producer in the Sydney coalfield and reorganize and operate the mines with a view to the rationalization of coal production therefrom and a progressive withdrawal of the corporation—

• (8:50 p.m.)

As I say, time does not permit me to go into the full details but I should like to illustrate what I mean by a dishonest approach. If

hon. members want to defend their own integrity, I would ask them to read Bill C-135 and also get a copy of the early retirement leave plan wherein, in the second paragraph on page 1, they will read these words:

It is the intention of the corporation to reduce coal mining employment as quickly as possible.

That was not the intent of the legislation.

I say the approach was dishonest also because on page 3 of the early retirement leave plan, a copy of which is given to those who are about to retire, appears this statement in paragraph 3:

Those on leave retain C.P.P. entitlement, and are free to take alternative employment, with half monthly outside earnings over $50 applied to reduce benefits.

In other words, people who are about to retire are given the privilege of earning an extra $50. If they earn over $50 they split it with Devco and the money is applied to reduce benefits.

There was the same dishonest approach used when men were given notice that their services would no longer be required, even though some had put in 50 years with the company. Sent out with the notice of retirement or the notice of dismissal, about which I will have something to say later, was a brochure. Included in the brochure were questions and answers provided by the company so that the employees would know what to do ahead of time. I ask hon. members to keep in mind that there was held out to the miners who were retiring the promise of outside earnings. Question 28 deals, in essence, with these outside earnings and reads as follows:

If a participant in the plan is offered work by Canada Manpower, what does he do?

This is the answer that is provided by the company.

Regarding the potential employment background in Cape Breton, prospects of such a position is unlikely.

So, the situation is this: Having held out a promise to the miners in the over-all plan that was submitted to the government, the company then turns around to these men and says that the possibility of employment is absolutely out of the question in Cape Breton. No one can substantiate this better than the Minister of Manpower and Immigration (Mr. MacEachen), who knows the employment situation on the east coast.

I submit that was a dishonest approach. It was an illegal approach, and it remained illegal until I told the government on April 15 that it had not properly looked after the mechanics of the legislation. Following upon that, the Minister of Regional Economic Expansion (Mr. Marchand) indicated that perhaps the company could recall the letters it had sent out and the notices that informed the men their services were no longer required. I ask, Mr. Speaker, who else but Devco could provide such an answer? Who else but a company run by a man called Fullerton, who speaks to anybody and everybody with the exception of the miners? He has yet to go to the Cape Breton miners and talk to them.

Mr. Fullerton also took a dishonest approach when he appeared before the committee. I questioned him about this matter in the committee and he denied my statements. I say he showed contempt of this parliament and I suggest that the government take a look at this political "hanger-oner". That is what he was when the previous administration was in office and he still is. He has more to say about free love and sex in Sweden, about which he writes in local newspapers. This is the man who is trying to tell Cape Bretoners how to live and what to do with their lives. This is the man who questions truth in the committee, as I can show from the evidence.

I should like to mention another situation that occurred in this regard. A Mr. Blackmore, who was formerly president of the coal board in the U.K., visited Canada, bringing with him the reputation of being a closer of coal mines. He submitted to the government a scheme that went even further than the government's own proposed legislation. I would ask the members of the house, in the name of justice, to read through Bill C-135 and the early retirement leave plan provided by the government, as well as the notices sent out to the miners who were forced into retirement. They will then see the promise that was held out on the one hand and denied on the other.

When I tried to make some representations on behalf of these miners, the president of the United Mineworkers Union suggested that I should keep my mouth shut. But what is the situation today, Mr. Speaker? I would ask anybody who is interested to read the correspondence, clippings and telegrams in this connection, all of which indicate that the stand I took on behalf of the miners was the right one, namely that these men were forced into early retirement. At a meeting I attended last Sunday afternoon I stated that the members of this house would not associate themselves with such a move. I ask members

on the other side of the house to examine the evidence and to tell their own government to take another look at what Mr. Fullerton and his company are doing, because they are certainly not being just in this just society.

When the plan was first announced the president of the U.M.W. criticized it as going too far too soon. He also criticized the idea of opening up a new mine at Lingan. He did not believe a new mine at Lingan should be opened because it would be at the expense of other collieries. Although the union had nothing at all to do with drawing up the plan, for some strange reason Mr. Marsh, the president of the union, along with Mr. Fullerton, sees it as a great boon to the coal mining industry. He stated that opening a new mine at Lingan would usher in a new era for the coal mining industry in Cape Breton. Last Sunday afternoon, Mr. Speaker, the highest paid executive officer of the union stated that the opening of a new mine at Lingan would mean closing down all the other collieries. So, there we have a difference of opinion between two union officials.

In alleging there has been a dishonest approach I would also call into question the use of the Unemployment Insurance Commission fund. I have been trying to get answers from the government in this connection. The Minister of Labour (Mr. Mackasey) indicated to me, in all fairness—and in this respect I have no criticism of the U.I.C.; I want that clearly understood—that when the men applied for U.I.C. benefits, the U.I.C. did exactly what they were supposed to do. But the over-all approach of Devco is dishonest because they are now using the U.I.C. fund to pay the pension that was held out to these men.

Let me give an example of what I mean. A retired miner who is married and has, say, other dependents can receive a top pension of $3,000 a year. The U.I.C. could be providing that man in his first year of retirement with $2,760 of his $3,000. As I have previously stated, if this retired miner makes extra earnings he has to turn back half of any amount over $50 to Devco. In fact, he could hand over to Devco more than he gets from Devco. I agree it is applied to reduce benefits, but this is not what the U.I.C. was intended for.

If these men had been able to remain on the job until they reached the full retiring age, then they would have been entitled to whatever pensions they had earned plus their U.I.C. benefit. As I have said before, this would have given them somewhere in the vicinity of $2,600 to $2,800 a year in U.I.C. payments. Some of these men have paid into the fund for as long as 29 years and it is their money. This money belongs to those who contributed to the U.I.C. fund over the years. Certainly, it does not belong to the Crown corporation to do with it what it wishes.

I say the action of the Crown corporation is illegal, because I hold in my hand a letter written to an individual requiring him to reimburse the U.I.C. a sum of money because he had left a particular job voluntarily. This is the sort of thing that is going on now in Cape Breton. I have told hon. members what is going on in Cape Breton. These men who retire at ages of between 55 and 60 are being paid pensions. Altogether, they receive $250 a month. Of that amount $230 comes from the U.I.C. and $20 from Devco, that big, generous corporation headed by Mr. Fullerton who seems to know more about free love in Sweden than about the workings of a coal mine or coal miners. At one time coal mining was considered an essential industry in this country and the miners have every right to expect just treatment. So important was coal mining during the last war that miners who wanted to join the army, navy or air force were told, "No you cannot join the armed forces and serve your country. You must stay in the coal mines and perform an essential function".

• (9:00 p.m.)

Some may say that I am repeating myself. Well, Mr. Fullerton should remember that the miners were promised something. He may make all the speeches he wants to make. I don't care. If hon. members opposite tell their minister that Devco is falling down on the job, there is hope the situation may be corrected. What else can be done? The U.I.C. funds are being used in the promotion of this scheme, and all the promises to our miners are being forgotten. Miners are being forced to retire before they want to. I have spoken in the house before on this matter. Miners are entitled to work until proper retirement age. There is no justification for retiring them early against their wishes. I only ask for justice. I only ask hon. members to bring this matter to the attention of the minister.

Written agreements between the unions involved and the former company indicate that the retirement age of miners is to be 65. For some reason or other some of those miners who have been forced out have retained copies of the letter signed by Mr. Orr, the president of Devco, and co-signed by

Mr. Clubb, the then president of Dosco, in which it is indicated that working conditions for miners will remain the same under Devco. Now, Fullerton and company want to break that agreement. They are trying to tell the Canadian people and these miners that the agreement meant nothing because the provision respecting early retirement is now contained in legislation and that legislation supersedes the general agreement. In essence, Mr. Speaker, Mr. Fullerton is making a liar of the minister. And the minister indicated on or about January 15 that the agreement would be honoured. He said that agreements existing at the time of the take-over would be honoured. I cannot cite the page number of *Hansard* which shows that the Minister of Regional Economic Expansion gave that undertaking but if hon. members wish to see those remarks I will look them up. In any event, I can provide them with a copy of the letter to which I have alluded.

As I say, there is a letter from Mr. Orr, the president of Devco, and co-signed by the then president of Dosco, in which the men are told that their working conditions will remain the same under Devco. Clearly, those conditions are not the same, because Mr. Fullerton and company argue that the provisions of the new law supersede the previous agreements. That is nonsense and I do not think any court in the land would uphold such a claim. After all, it can be argued that the Devco people violated the agreement in the first place. I repeat, the minister said in this house on January 15 that existing agreements would be honoured. He also said that notices sent to men being forced off their jobs could easily be recalled. It was precisely at this point that Devco said it was under no binding legal obligation to give one month's notice to the men. Notice was only being sent as a courtesy. What nonsense is this? How can Douglas Fullerton and company say to a man who has worked in the mines for 40 years, "This is a courtesy letter only."

I ask the government to examine Bill C-135. Better still, why does it not look at the Donald report. Look at the recommendations of that report and then look at Bill C-135. I ask the government to look at the early retirement plan. I hate to say this, but in this case we have the tail wagging the dog. I do not often defend Liberals, but I defended Liberal colleagues on Sunday afternoon when I said that I did not think any member of this house would wish to associate himself with the kind of injustice being perpetrated against our Cape Breton miners.

Some hon. Members: Hear, hear.

Mr. MacInnis: I bring this matter to the attention of the minister, Mr. Speaker, in the hope that the miners of Cape Breton will obtain justice and that Mr. Fullerton may get the just boot.

Mr. Robert P. Kaplan (Don Valley): Mr. Speaker, I wish to take advantage of your customary latitude in the budget debate in order to add a few words to the debate of last Thursday, May 29. On that day the New Democratic Party moved the following motion for the house to consider:

> That this house condemns the failure of the government to provide policies to prevent further takeovers of Canadian resources, industry and financial institutions by foreign corporations, thus increasing the danger of foreign domination of Canada's economy and culture to the point where Canada's political independence is threatened.

The N.D.P. considered that motion urgent. My reaction to the motion, frankly, was one of disappointment in the N.D.P. I have never been a member of that party but, I assure you, I take great pride, as all Canadians do, in its existence. I admire its dedicated leaders. Although they seek, as do other political parties, the power to form a government, I submit they have had no reason to regret their constant role in opposition. Perhaps they are reconciled to the fact that they will never form a federal government. Nevertheless they can take pride and are fully entitled to do so in their contribution to much that is good in modern society.

Foreign ownership, Mr. Speaker, is an issue of enormous importance to Canada. That issues poses a challenge to government and calls for responses which, I must say, have not yet been forthcoming from the government. Obviously, the government must broaden its dialogue with interested Canadians if it is to develop a proper response to this question. Frankly, I do not know what that response should be. I do not pretend that I can offer an answer. Nevertheless, I wish to take a few ideas and throw them in the air, so to speak, for discussion. What surprises me is that the N.D.P., which likes to call itself the party of the future, has pulled out the old clichéd responses to the dangers of foreign take-overs.

Mr. Gilbert: What about Walter Gordon? What did he say?

Mr. Kaplan: I am coming to Walter Gordon.

This approach of the N.D.P. ignores the value of foreign capital, foreign initiative and foreign know-how which has done so much to uplift the economy and raise economic standards of living in Canada. The living standards of many who support the N.D.P. have been raised by this foreign capital. Of course, I am speaking of the working man.

The N.D.P. has not proposed, just as Walter Gordon did not propose, any solution which would give us the maximum benefits that flow from foreign ownership, from foreign genius and capital while preventing at the same time the threat of foreign dominion. Perhaps the N.D.P. has not been able to think of an answer to this question. I have not been able to think of an answer. Frankly, I think the problem is a difficult one. What the N.D.P. ought to have done in its motion was ask us to discuss the whole problem. That party should have refrained from merely proposing for discussion a worn-out cliché which will cause us much damage in terms of lost capital.

Mr. Gilbert: What is the Watkins report about? Does it not discuss questions of that kind?

Mr. Kaplan: Mr. Speaker, those of us in political life do not know how long we will survive as members of the House of Commons.

An hon. Member: You will find out.

Mr. Kaplan: One does not know how long one will survive in the house, least of all as a Liberal member. I say that, because the Liberal party has few doctrinaire supporters prepared to support the Liberal party if it gives lousy government to this country. I discovered during the last election campaign that the opposition parties, especially the Conservatives and the N.D.P., enjoy a certain amount of support from those who adopt doctrinaire, mindless viewpoints. Those parties enjoy considerable unthinking support. The Liberal party has fewer supporters of that kind. People elect Liberal members because they think that Liberal members will provide this country with good government. I would also like to think, Mr. Speaker, that if I ever become dissatisfied with this government or the party to which I belong, I will be able to cross the floor of the house. This presents problems.

[Mr. Gilbert.]

• (9:10 p.m.)

I have studied economics, so I cannot join the Creditistes. I accept the need for positive change, so I cannot join the Conservatives—perhaps they would not take me, Mr. Speaker.

An hon. Member: Oh yes, we would take you.

Mr. Kaplan: The New Democratic Party was one place I could go, but they are now beginning to give out the old cliche answers.

Let us look for a moment at the answer proposed by the N.D.P. to the foreign ownership question, the proposal that we close the door. Other countries have done it, some successfully and some unsuccesfully. One thing that is undeniable is that at the margin of decision-making such a policy reduces the flow of foreign capital and talent into the country concerned. If foreigners are to be disadvantaged and deprived of the fruits of their labour, they are less likely to come here. The economic activity which they generate, positively affects the standard of living of Canadians, whether or not they take their profits home. We should, therefore, not seek to keep out foreign capital, but to encourage it.

This proposition is obvious, but I want to take a moment to press it home. People like to say that Canada is a country of untold riches because we have vast resources which we have not yet tapped. Such a point of view is entirely wrong. Untapped riches are not wealth. They do not add to the gross national product or to the standard of living of our poorest citizens, which is the proper test of the national wealth of a society which purports to be a just one. The wealth of a country is a function of the amount of its capital. By that I do not mean resources, but command over resources.

Canada, unfortunately, is a capital-intensive country and will always be one. We will always require more capital for each of our citizens, to provide the standard of living we do than any other country. The reason for this is our demographic dispersion and our harsh climate. To be productive and to be in business we need more miles of road, more miles of railway tracks, more harbours, more buildings and more solid buildings per capita than any other country in the world.

How is this capital to be provided? It is important to realize, and in this debate on foreign ownership it rarely is realized or stated, that all of the capital that is owned by the

people of Canada, or virtually all of the capital, is already at work in this economy. If we were to make a decision to buy back that part of the capital working in this country that is owned by foreigners, how would we pay for it? The capital that we have is already at work in our economy.

The hon. member for York South (Mr. Lewis) referred to the Royal Securities takeover. This is a company apparently owned by Canadians which is being bought by United States interests. From that concrete illustration it should be realized that the owners of Royal Securities will likely invest the proceeds of their sale in Canada. The total amount of capital in this country owned by Canadians will not be affected by the transaction. The net result of this will not be to decrease the amount of capital in this country owned by Canadians.

I would like to deal with two points made by the hon. member for York South. One of his arguments really supports the other side of his case. He said, as recorded, at page 9221 of *Hansard*:

> I warn the Canadian people through this parliament that the trend which I have described and which everyone regrets will not be reversed if the economy is left to the control of private corporations. To them a buck is a buck and they will not permit considerations of nationhood to stand in the way of any development even if it moves in the direction of greater and greater control from the outside.

This statement disproves the whole thesis. The hon. member does not complain of foreign ownership, he complains of private ownership. There is much truth in his assertion that corporations, even our best Canadian citizen corporations, are in business to provide goods and jobs and to make money. Surely, this observation cuts across national boundaries. Our Canadian corporate citizens and foreign corporations here are in business to make money. The resolution of the N.D.P. assumes we will find native Canadians thinking more about our national interests than foreigners. I do not accept this thesis except in a very narrow range of industries. In this respect I agree with the hon. member for York South, but I disagree with the resolution.

Let me move the argument forward. If we are to have corporations act in the national interest, I believe the way to do it is by legislation. The hon. member for York South said that if the economy is controlled by powerful neighbours our political sovereignty is threatened. This is possible, but not necessarily the outcome. It can be avoided, not by shutting the door to foreign ownership as they propose and losing the benefit of foreign capital, but by appropriate control.

One of the colleagues of the hon. member for York South has outgrown the old idea that foreign ownership, as such, is what should be cut off. I am referring to the hon. member for Waterloo (Mr. Saltsman). He feels that political power, not economic power, is the ultimate authority. This is obvious because, at the extreme, political power can always appropriate economic power through expropriation. Economic strength should not be considered as a means to political sovereignty. One might even say the huge United States investment in this country can be regarded as a hostage, a hostage we can use to enact the political policies we consider to be in the best interests of this country. Considering the interesting research being done in this area by the hon. member for Waterloo, I am surprised his party has picked the old chestnut solution, the easy solution, the one that in the end reduces opportunity in Canada.

I am glad to report that foreign ownership is a problem being discussed by members on this side of the house as well. It is and should be a major issue in Canada, but we have not yet reached the conclusion, and I hope we never do, that there is no alternative, but to shut the door.

I regret the N.D.P., which has so often led the way, is not doing so any longer. The hon. member for York South referred to the Watkins Report. He said the government has allowed it to collect dust.

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

Mr. Kaplan: I would, but I might run over my 20 minutes. The hon. member can ask the indulgence of the house when I have completed my remarks.

I would like to read from the Watkins report:

> It is a prerequisite to public discussion of government policy and the formulation and implementation of actual policy that more information must be available on the activities of corporations, particularly large corporations, both Canadian owned and foreign owned. Information presently available is generally deficient, and in some respect grossly so, for meeting the three distinct purposes for which the information is needed: public disclosure, economic analysis and governmental surveillance of firms.

This first step or requirement has finally been taken and, I agree, it is about time. I congratulate the Minister of Consumer and Corporate Affairs (Mr. Basford) for bringing forward this legislation on corporate disclosure.

• (9:20 p.m.)

In the few minutes that I have left, Mr. Speaker, I would like to comment on some budgetary matters. I have followed this debate with interest, and though not too much of it dealt with the budget there has been great criticism of government for its irresponsibility, for its deficiencies, for its grandiose spending programs. Admitting that the present inflationary situation is a severe one, I would like to introduce into this debate some statistics of interest. These figures are from the International Statistics Service of the World Bank.

Some 27 countries are compared, including most of the free economy industrial countries, as to the amount of inflation, that is, as to the change in the cost of living from 1958 to November, 1966, over an eight year period. These figures show that over the eight year period Canada is second only to the United States in controlling its price levels. In that eight year period U.S. prices increased 14 per cent, and Canadian 16 per cent. In Germany, whose economy is often praised for its stability, prices increased 22 per cent. In the United Kingdom, which is a socialist country, the increase was 27 per cent. In Sweden, much admired by many, the increase was 34 per cent, and in Japan, the land of the modern economic miracle, the increase was 50 per cent. Inflation is no laughing matter. Indeed it is our most serious national problem. The point I want to make is that it is a serious international problem, and our government stands up well in comparison with other governments in its dealings to control inflation.

Finally, Mr. Speaker, and using the latitude permitted in this debate, I would like to tell a tale of two cities. There have been allegations made in this house in the past few days that Montreal is Canada's favourite son, and that Toronto is less favoured. These allegations have even come from this side of the house. The Toronto press has picked up the cause, and these matters are being projected as a *cause célèbre*. Mr. Speaker, such allegations are without foundation.

I have spent the day reviewing figures and checking the financial contributions of the federal government to each of these cities. I would like to read to you the results of my findings, and I think what I have found will indicate to you that Toronto has not been less favoured than Montreal in financial terms. But before I read the figures I would like to say one thing. I do not believe any government should be judged on the old porkbarrel basis. I do not think it matters, or should matter, how much the members for a particular part of the country are able to bring home to their constituents or riding from the federal treasury. I would rather judge a government on whether it has or has not provided justice in our society. My expectation and my hope is that this government on this basis will earn the support of my city in the next election.

Here are the figures. They make rather dull reading. I compare apples and oranges in many ways. In some items, there are different periods compared, but for each item the period is the same for both cities. In some cases I have matched loan against loan rather than grant against grant, but I am being consistent in dealing with these figures in that way.

First, Expo—Montreal got $159 million for Expo, including Habitat; Toronto got nothing. In public works Montreal got $11,100,000; Toronto $12,500,000. In harbours Montreal got $185 million, again more; and Toronto $25 million. In airports Montreal got $31 million; Toronto $25 million. Centennial projects other than Expo—Montreal zero; Toronto $3 million. Municipal development projects, that is loans to cities, and grants—Montreal $40,500,000; Toronto $54,800,000. In winter works programs Montreal $2,200,000; Toronto $4 million. Conservation authority, water conservation projects—Montreal zero; Toronto $9 million. In housing, Mr. Speaker, Montreal $477 million; Toronto over $1 billion. In the total Montreal got $905,800,000, and Toronto $1,133,300,000, a difference in Toronto's favour of $227,500,000. But, as I have said, Mr. Speaker, these figures mean less to me than they seem to mean to many, and than they seem to mean to the Toronto press. When one checks these figures one finds Montreal is by no means a favourite son.

May I say, with respect to federal participation in the life of our city, that it tends to be submerged. It is below the surface. It is in projects that are shared-cost projects, in projects that are presented as provincial projects, but in many of these provincial projects the federal contribution is as high as 85 per cent and even 95 per cent. This is where Toronto has obtained the advantage over Montreal.

I deeply wish there were a federal presence in our city. I would like it very much if there were an impressive head office, a federal building on an enormous scale in our city. I would very much like to be able to point to something—

The Acting Speaker (Mr. Béchard): Order. I regret to interrupt the hon. member but his time has expired.

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I have listened with a great deal of interest to this four day debate on the subject of the budget which was brought down by the Minister of Finance (Mr. Benson) last week. I was interested to note that a great many members expressed their dissatisfaction with the unsatisfactory economic conditions which prevail in urban Canada. Most of the other members who took part in the debate expressed their dissatisfaction with the highly unsatisfactory conditions that exist in rural Canada. The only reaction I have been able to ascertain on the part of the government is that it takes the view that the economic situation in Canadian cities, so far as the ordinary citizen is concerned, is serious but not hopeless, and that the economic situation in rural Canada is hopeless but not serious.

I say this because there seems to be no sensitivity whatsoever on the part of the government to the very severe economic conditions under which many parts of rural Canada are living. Whether you go to western Canada where there are vast quantities of unsold wheat and low quotas, or to the Maritimes where for the third year there are unsatisfactory prices for potatoes and many other products, or whether you look at the agricultural situation in central Canada, you have to come to the same conclusion that the rural economy is suffering because the primary producer is being caught in a cost-price squeeze.

I am not suggesting that members of the government are not conscious of their responsibility, but I see very little evidence of the government's ability to make an accurate diagnosis of the malaise affecting the Canadian economy and how it should be treated. Instead I find that several ministers whose departments in the general sense might be termed economic ones such as Trade and Commerce, Finance, Area Development and so on, each have their favoured nostrum, each have their favoured cure for what ails the Canadian economy. They rush about, one in one department introducing legislation which will cost the taxpayers a great deal of money and another in some other department insisting that the defence expenditures, for example, be cut. Then, someone else will have some other suggestion. Each one is determined that he has the cure. This strikes me as being very similar to the situation in respect of a group of quack doctors who were visited by a patient for the treatment of a disease the cure for which they did not know. I have the highest respect for the medical profession today, but if one goes back far enough in history one will find situations which bear a striking resemblance to the performance of this government.

• (9:30 p.m.)

In this regard the other day I happened to look up the history of the last illness of a famous lady, the Marchioness of Douglas, who passed away in 1674. The best doctors in the land were obtained to look after her. The first doctor who saw her on January 15 applied a plaster to her navel at a cost of 16 shillings. Then, she was forced to take orally two drams of oil of amber. The following day she was given an enema. The patient still got worse so another specialist was called in. This treatment went on for days until eventually one day the unfortunate lady was given a dose of hysteric and purging pills, two blisters for the ear, a suppository, and seven ounces of a cordial and anti-hysteric julep. She still got worse. So, the final expert was called in. He prescribed some more medicine and ended up when she still continued to sink by bleeding her. The total cost of the treatment was something in the order of 467 pounds, 14 shillings and fourpence. There is a striking similarity between the activities of this government, which Canadian taxpayers have suffered in the last number of years, and this sort of thing. The saddest part of it all is that it is the patient, or victim perhaps I should say, who pays the bill.

There are some economic facts of life. I am not one who thinks the question of economics has yet become a science. I believe there is a great deal of research work which should be done by governments, if not by anyone else, to determine the effect of certain policies and the causes of certain economic illnesses so that they can be treated with a reasonable degree of objectivity and a reasonable certainty that the treatment will be effective. I am no expert, but it would seem to me we must get down to some basic and serious economic facts of life. One of these is that we cannot

live beyond our means without having to pay the bill in the end.

I should like to congratulate the Minister of Finance for his proposal to balance the budget. I hope this can be done. I do not agree with his methods entirely because I think with the tax load under which the Canadian people are staggering at the present time should be sufficient to produce a surplus of at least $1 billion if the savings were made which could be made. I know this is difficult. At this point in time it may be impossible because for the last number of years in parliament here we have been passing what I believe has been ill conceived legislation. Everyone came in with his favourite piece of legislation which he thought would serve to make him an honest man because of something he said in a previous election campaign or on some other occasion. The result has been that it has been necessary to amend or repeal much of this legislation or replace it with something else. This is all very costly because it means that boards are set up which employ a large number of experts and civil servants. This all costs a great deal.

The only way in which the Minister of Finance found it possible to balance a budget was to prolong a tax burden that is bearing very heavily on the Canadian people. At the present time the levels of taxation are not acceptable. They should be reduced. I believe that we have too much government in the federal sense. From 1950 to 1968 the ratio of civil servants to population has gone from 1 in 106 to 1 in 87. I have nothing against the civil service. I think we have an excellent civil service so far as it goes, but I am not so naive as to think that if some of a thing is good more of it is better. I think that one person in 87 working for the federal government is too high a proportion. As a nation I do not think we are getting full value for all these extra civil servants. It is no fault of theirs, but they are assigned to tasks which are unproductive or not sufficiently productive to benefit the Canadian people. Concurrently with this increase, the average income tax paid per Canadian has increased from $89 to $264 per annum.

The costs of government generally have gone up astronomically. Federal government expenditures from 1962 to the present have increased from about $7.5 billion to about $12 billion. The cost of carrying the national debt due to inflation and high interest rates has gone up at an even greater rate. The cost of carrying the debt of all levels of government in Canada has gone up since 1963 from $1.4 billion to $2.2 billion. The total cost of government has increased from about $13 billion to $23 billion if you take all levels of government. The personal debt situation is not any better. Because of the high level of taxation in the nation in the last calendar year, Canadians increased their personal debt by about $1 billion. They have to pay high interest rates which siphon off some of their purchasing power. I believe this situation is partly due to the age in which we live in which a politician can be speaking on television with a whole battery of soap salesmen telling him what to say.

• (9:40 p.m.)

This is not an atmosphere from which good government evolves. I think we hit an all time low during the compaign before the last election when the successful party seemed to adopt the strategy, in some cases at least, that the federal election was not something equivalent to the selling of soap, but equivalent to the selling of Indian snake oil. You have to keep the minds of the people as far away from the issues as possible. I think this was the feeling of the government. It had to do this for fear it might not be returned. The government bragged that it had going for it a mania. I would not boast about being in power because of a lot of maniacs around.

Mr. Benson: What did we promise in expenditures?

Mr. MacLean: You promised many things, including the just society.

Mr. Benson: But what did we promise in expenditure?

Mr. MacLean: That involves a matter of opinion. I do not think the great number of Canadians who live below the poverty line would agree with you.

I realize that my time has almost expired. I did wish to refer to another subject but there is not time so I shall leave it. I do wish to say, however, that this is a time when all Canadians—and I have great faith in the future of our country providing we act intelligently, maturely, sensibly and look carefully at the situation before we decide what to do—have a very great responsibility along with members of the government and opposition parties to make sure we are not guilty of mistakes for which our children and our children's children will be paying for decades, perhaps generations.

Let me say that it might be well for us to recall one of the most widely read books of its time, "The Decline and Fall of the Roman Empire". It sets forth five basic reasons why that civilization withered and died. These were the undermining of the dignity and sanctity of the home, which is the basis for human society; higher and higher taxes and the spending of public money for free bread and circuses for the populace—the Roman empire collapsed under a load of tax, but I would not imagine the Roman empire could have footed the bill of the C.B.C. for more than about three months—the mad craze for pleasure; sports becoming every year more exciting, more brutal, more immoral; the building of great armaments when the real enemy was within, and the decay of individual responsibility.

The Acting Speaker (Mr. Béchard): Order, please. It being 9:45 p.m. it is my duty, pursuant to special order made on Thursday, June 5, 1969, to interrupt these proceedings and forthwith put the question on the amendment and the motion now before the house.

The house divided on the amendment (Mr. Lambert, Edmonton West) which was negatived on the following division:

• (9:50 p.m.)

YEAS

Messrs:

Aiken
Alexander
Alkenbrack
Baldwin
Barnett
Beaudoin
Bell
Bigg
Brewin
Burton
Caouette
Carter
Crouse
Dionne
Douglas (Nanaimo-Cowichan-The Islands)
Flemming
Forrestall
Fortin
Gilbert
Godin
Hales
Harding
Harkness
Hees
Knowles (Winnipeg North Centre)
Lambert (Edmonton West)
Laprise
La Salle
Latulippe
Lewis
Lundrigan
MacInnis
MacInnis (Mrs.)
MacLean
Macquarrie
McCleave
McGrath
McIntosh
McQuaid
Marshall
Mather
Matte
Mazankowski
Monteith
Nielsen
Nowlan
Paproski
Ricard
Rodrigue
Rose
Saltsman
Schumacher
Simpson
Stewart (Marquette)
Tétrault
Thomas (Moncton)
Winch
Woolliams
Yewchuk—59.

Division

NAYS

Messrs:

Allmand
Anderson
Andras
Badanai
Basford
Béchard
Benson
Blair
Blouin
Boulanger
Breau
Brown
Cadieux (Labelle)
Cafik
Cantin
Chappell
Chrétien
Clermont
Comtois
Corbin
Côté (Richelieu)
Cullen
Cyr
Danson
Deachman
Deakon
Drury
Dubé
Éthier
Forest
Forget
Foster
Francis
Gendron
Gibson
Givens
Goode
Gray
Groos
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Haidasz
Hogarth
Honey
Hopkins
Howard (Okanagan Boundary)
Isabelle
Jerome
Kaplan
Kierans
Lachance
Laflamme
Lang
Langlois
Laniel
Leblanc (Laurier)
Lefebvre
Legault
Lessard (LaSalle)
Loiselle
Macdonald (Rosedale)
MacEachen
Marceau
Marchand (Langelier)
Mongrain
Morison
Munro
Murphy
Noël
Olson
Osler
Otto
Ouellet
Pelletier
Penner
Perrault
Pilon
Portelance
Prud'homme
Richard
Richardson
Roberts
Robinson
Rock
Roy (Timmins)
Serré
Smith (Northumberland-Miramichi)
Stafford
Stanbury
Stewart (Cochrane)
Stewart (Okanagan-Kootenay)
St. Pierre
Sulatycky
Sullivan
Tolmie
Trudel
Turner (London East)
Wahn
Walker
Watson
Weatherhead
Whelan
Whiting
Yanakis—105.

Mr. Speaker: I declare the amendment lost.

The question is now on the main motion. All those in favour 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 nays have it.

Division

Some hon. Members: On division.

And more than ten members having risen:

Mr. Speaker: Is it the wish of the house that we proceed with the division without the call of the bell?

Some hon. Members: Agreed.

The house divided on the main motion (Mr. Benson) which was agreed to on the following division:

YEAS

Messrs.

Allmand
Anderson
Andras
Badanai
Basford
Béchard
Benson
Blair
Blouin
Boulanger
Breau
Cadieux (Labelle)
Cafik
Cantin
Chappell
Chrétien
Clermont
Comtois
Corbin
Côté (Richelieu)
Cullen
Cyr
Danson
Deachman
Deakon
Drury
Dubé
Éthier
Forest
Forget
Foster
Francis
Gendron
Gibson
Givens
Goode
Gray
Groos
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Haidasz
Hogarth
Honey
Hopkins
Howard (Okanagan Boundary)
Isabelle
Jerome
Kaplan
Kierans
Lachance
Laflamme
Lang
Langlois
Laniel
Leblanc (Laurier)
Lefebvre
Legault
Lessard (LaSalle)
Loiselle
Macdonald (Rosedale)
MacEachen
Marceau
Marchand (Langelier)
Mongrain
Morison
Munro
Murphy
Noël
Olson
Osler
Otto
Ouellet
Pelletier
Penner
Perrault
Pilon
Portelance
Prud'homme
Richard
Richardson
Roberts
Robinson
Rock
Roy (Timmins)
Serré
Smith (Northumberland-Miramichi)
Stafford
Stanbury
Stewart (Cochrane)
Stewart (Okanagan-Kootenay)
St. Pierre
Sulatycky
Sullivan
Tolmie
Trudel
Turner (London East)
Wahn
Walker
Watson
Weatherhead
Whelan
Whiting
Yanakis—104.

NAYS

Messrs.

Aiken
Alexander
Alkenbrack
Baldwin
Barnett
Beaudoin
Bell
Bigg
Brewin
Burton
Caouette
Carter
Crouse
Dionne
Douglas (Nanaimo-Cowichan-The Islands)
Flemming
Forrestall
Fortin
Gilbert
Godin
Hales
Harding
Harkness
Hees
Knowles (Winnipeg North Centre)
Lambert (Edmonton West)
Laprise
La Salle
Latulippe
Lewis
Lundrigan
MacInnis (Mrs.)
MacLean
Macquarrie
McCleave
McGrath
McIntosh
McQuaid
Marshall
Mather
Matte
Mazankowski
Monteith
Nielsen
Paproski
Ricard
Rodrigue
Rose
Saltsman
Schumacher
Stewart (Marquette)
Tétrault
Thomas (Moncton)
Winch
Woolliams
Yewchuk—56.

• (10:10 p.m.)

Mr. Speaker: I declare the motion carried.

Mr. Donald MacInnis (Cape Breton-East Richmond): On a point of order, Mr. Speaker. I question the legality of the vote we have just completed. It was my understanding that hon. members on this side of the house indicated the motion would be carried on division. That is to say, I understood that an hon. member on this side would say "On division" when Your Honour proposed the motion, and that no formal vote would be taken. With that understanding several hon. members left the chamber only to be surprised when outside the chamber by the ringing of the bells. Since some of us were not expecting the division bells to ring and since the government forced the vote on the house, I submit that the entire procedure we have just gone through is illegal.

Mr. Speaker: Order, please. I will note the hon. member's point of order. I am not sure it will make that much difference in the records of the proceedings of this parliament which are officially recorded. It was my impression that I asked hon. members whether they wished that the bells be rung for the calling of the members. My impression was that hon. members wanted to proceed with the vote without the bells.

I am afraid our rules do not allow for a second vote to be taken once a vote has been taken. I appreciate the hon. member's objection. Perhaps the next time the Chair should watch a little more closely to see whether there is a wish on the part of hon. members that the bells do ring. I do not think there is very much that can be done at this point except to note the hon. member's objection and point of order and perhaps try to ensure this difficulty will not arise on another occasion.

I have to bring to the attention of hon. members it is after ten o'clock and that this house has to stand adjourned until eleven o'clock tomorrow forenoon.

At 10.19 p.m. the house adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, June 13, 1969

The house met at 11 a.m.

[*Translation*]

ROUTINE PROCEEDINGS

OFFICIAL LANGUAGES

First report of Special Committee on Official Languages.

[*Editor's Note: Text of foregoing report appears in today's Votes and Proceedings.*]

DOMINION-PROVINCIAL CONFERENCE

TABLING OF REPORT ON CONCLUSIONS OF FIRST WORK SESSION—STATEMENT BY PRIME MINISTER FOLLOWING JUNE MEETING

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I should like to table, in both official languages, copies of the report on the results of the first working session of the constitutional conference.

[*English*]

As hon. members will know, the conference on the constitution at the last February session decided to meet from time to time in working sessions with officials present and participating. On the agenda of this first working session was the beginning of discussion on the distribution of powers, and particularly the taxation and spending powers and the constitutional aspects of regional disparities. On all these items the conference was productive and considerable progress was achieved.

The federal government had prepared on all items some working papers which I intend to table in this house within the next two weeks, when they are printed and ready. I wish to emphasize that the federal propositions on these items, as well as on all other ones, were put forward to advance the discussion in a preliminary way and do not constitute fixed and final positions. Indeed the same attitude was taken by provincial governments.

In particular, on the distribution of powers, all governments noted that the discussions about taxing and spending were subject to a satisfactory division of jurisdictions being developed. I made it quite clear at the conference, and I want to emphasize here, that any conclusions on the taxing and spending jurisdictions would be subject to a distribution of legislative functions which will ensure a strong central government capable of facing the many demands placed upon it by the people of Canada.

Within that context, Mr. Speaker, considerable preliminary consensus was reached on access by governments to taxing powers, on the rules that should govern the spending power and on the constitutional aspects of regional disparities.

[*Translation*]

Mr. Speaker, the premiers also agreed to meet again before the end of the year. Even though we have not yet decided on the agenda for the next meeting, I expect that consideration of the distribution of powers within the constitution will continue, especially with regard to some aspects of economic powers, redistribution of revenue and social security.

Mr. Speaker, the drawing up of a new constitution for the Canada of tomorrow is an intricate procedure which will still require many discussions and a number of meetings. It is not a task for impatient or weak men. It requires perseverance, moderation and a generous view of the future.

I think that the working session which just ended constitutes an important step in this direction.

• (11:10 a.m.)

[*English*]

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I congratulate the Prime Minister (Mr. Trudeau) on the progress that has been made at the conference. But if governments in this country are going to cope effectively with some of the severe problems facing the people in various parts of the country, and in the country at large, they are going to have to make a great deal more progress, and make it a great deal more quickly than the Prime Minister seems to be able to report this morning.

The most important accomplishment of this week's federal-provincial conference seems to

be the agreement that the provinces should have access to almost all fields of taxation, including indirect taxes. To the extent that this meets a long-standing grievance of the provincial governments, to the extent that it recognizes the heavy financial burden that the provinces must carry in trying to discharge their constitutional responsibilities, this agreement can certainly be considered as progress. But if it means only a heavier burden on the backs of the Canadian taxpayers it will seem to be the worst possible news and at the worst possible time.

If governments in this country are going to be able to provide the services that are needed without a level of taxation that is intolerable, it is obvious that it will be necessary to do much more than simply open up new tax room for one level of government or the other, or invent new ways of exacting taxes from people.

The federal and provincial governments must go beyond this agreement, which gives them approximately equal rights in the tax field, and decide how the revenues are going to be distributed between them. The two levels of government must treat the question of distribution of powers as a matter of urgency and begin at long last to match revenues and responsibilities. The country is long overdue for some consensus among the levels of government on what the priorities ought to be, to assure that the taxpayer is not crushed and yet assure also that essential services are provided with adequate support at the various levels of government.

These, sir, are vital questions, questions on which depends to a large extent the effectiveness of government in Canada in meeting the social and economic needs of our people. These are the essential questions and the governments seem at long last to be approaching them, but ever so slowly.

Surely the gut issue is really what level of government should carry out what responsibility, and how much in taxes is needed for that purpose?

As to the possible veto by the provinces on federal spending in areas of provincial jurisdiction there seems to have been agreement in principle, but the details have yet to be worked out, and I presume worked out initially by the continuing committee of officials. As to the question of regional disparity I am pleased to see the importance given to this in terms of the constitutional discussion, but of course the attack upon it really depends for effectiveness upon the measures put forward by the government.

[Mr. Stanfield.]

I gather from the communiqué that a progress report was made by a committee of ministers on the subject of reform of the Supreme Court, the Senate, fundamental rights and official languages. Considering the priority that the Prime Minister had established for a declaration of human rights at previous federal-provincial conferences it is somewhat surprising that this question seems to have been relegated to a less important position. There seems to be at least a change of emphasis as far as the federal attitude is concerned.

Altogether sir, I am happy to acknowledge the fact that some progress has been made. But in light of the problems that urgently need to be attacked, relating to the economic future of the country and its people, it still seems to be very slight progress indeed, and none of us can be satisfied until a great deal more progress is made in matching revenues and responsibilities and in coming to an agreement on priorities, so that governments can turn from what appears to the people to be an endless preoccupation with the constitution, and move forward in an attack on some of the outstanding problems facing the country.

Again, sir, I look forward to an opportunity to study the working papers presented to the conference by the government, and which the Prime Minister proposes to table in the house shortly. I again express regret that representatives of the opposition parties were not permitted to attend the conference as observers because I believe such attendance would have assisted us in knowing fully what is going on, and would have assisted us in discharging our responsibilities to the people of the country.

I hope the Prime Minister will follow up the indication he gave in the house a few days ago and consult with the opposition parties about the establishment of an all party committee of the house to consider constitutional matters, as I believe this would be an important step in moving matters forward to increase the understanding of the house and of the Canadian people about the problems involved, and would lead us more rapidly to a solution of these admittedly very difficult problems.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, we are glad the Prime Minister has reported that in his opinion progress has been made at this federal-provincial conference. Whether or not progress has been made, of course, will be determined by the results. We shall await

those results with great interest. We have not yet had an opportunity to study the working papers. We are glad the Prime Minister will have them tabled as soon as they are ready.

I must say we are deeply concerned about the reports which have emanated from this conference with regard to the proposals of the federal government for sharply curtailing the initiative of the federal government and that of parliament with regard to shared cost programs. If reports that the government intends to divide Canada into four senatorial regions are correct and that any shared cost program would require the approval of three of these regions, then in our opinion we are putting Canada into a constitutional straitjacket.

The Prime Minister speaks of wanting a strong central government. Certainly Canada needs that at the present time, particularly to deal with matters such as housing, urban renewal, slum clearance, manpower training and higher education, to name only a few of the problems facing this country which cross federal-provincial legislative powers. If we are to be put in a position where one senatorial region and a part of another senatorial region can veto a program approved by parliament and desired by a part of the rest of Canada on a provincial basis, then we will make very little progress.

I hope the Prime Minister later will be able to tell the house whether or not any part of a senatorial region will be able to veto the wishes of the other provinces in that region. Does a single province have the power to veto the wishes of the three other provinces in a region? If so, all it would require would be one region containing a single province, and another region with one province objecting, to prevent a shared cost program being put into effect.

I should like to submit that almost all the great advances in social security legislation that have been made over the last 50 years would have been vetoed by such a provision. We would never have had old age pensions in 1926, had such a provision been in effect. We certainly would not have had hospital insurance had that been in effect, because at that time only the provinces of Saskatchewan and British Columbia were favourable to the legislation and prepared to affirm it. We would not have had medicare, had that type of constitutional provision been in effect.

We hope the government is not taking an inflexible position on this matter. The Prime Minister said of course that no policy is fixed, but the mere fact that the submissions have been made to the provinces means that if the provinces agree the federal government will find it very difficult to extricate itself from the very restrictive situation it has precipitated in respect of discussions of constitutional change.

• (11:20 a.m.)

The proposal that the provinces be allowed to collect indirect taxes at the manufacturers level is something about which we will have to get more details before we can formulate any position with respect to it. I want to point out that indirect sales taxes may be the most painless way to collect money, but this is not always the most progressive way. There must be some clearly defined areas within which this will operate.

Let me suggest to the house that the matter of the changing of the constitution of Canada does not involve just the prerogative of the heads of 11 governments who happen to be in office, due to the particular political situation at a given time. This matter of the constitution is of concern to all Canadians, and certainly of concern to this parliament and the ten legislatures.

That is why in this party we have been advocating for the past four or five years that there ought to be a constitutional committee of this house, so that when the federal government takes its proposals to a federal-provincial conference it would not be taking a party position, but an all-party position which could be supported by all parties in the house and would have general support throughout this country.

For that reason I hope the Prime Minister will follow through on the suggestion, to which he gave tentative approval the other day, of setting up as quickly as possible a constitutional committee to which all working papers and communiqués will be referred. Then this whole question will be discussed by a House of Commons committee or, if necessary, a joint committee of the House and the Senate in order that the decisions which are reached will have maximum support, since the results will have far reaching implications for all Canadians.

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, if the recent conference is a step towards a concrete revision of the constitution, we approve, of course, because for many years

Quebec, especially, has felt somewhat ill at ease within confederation and, unfortunately, no one wanted to deal with that problem.

There might have been a good reason for holding this conference in camera, but we think that the Canadian people should always be kept informed about what goes on in the country, so that no one will get an unpleasant surprise as was the case for instance when the official languages bill was brought in. It was then noticed that some areas were surprised to see that the federal government had finally instituted bilingualism in its departments and organizations.

From now on, such conferences should be public so that the whole population may follow the discussions. In this way, even those who are the most strongly opposed to all change will gradually come to believe that change is needed, that certain gaps must be bridged, that the situation must be improved, briefly that we must progress. Therefore, we hope that the next meetings will be held publicly.

The Prime Minister tells us that the revision will take a long time, even a very long time. I wish to point out that the procedure should not extend for too long a period, for there are chances that the province of Quebec by itself could bypass us. That means that while we have taken too much time to realize that some changes ought to be made in our constitution, we should not now make the necessary changes too slowly, for impatience can disorganize unity in the whole country.

Mr. Speaker, having said this, I believe that the conference was a decisive step and that we should keep in mind that the spokesman for the province of Quebec at the next conference might not be the same man. I think that this eventuality should be seriously considered.

[*English*]

DRUGS

PERSONNEL OF COMMITTEE OF INQUIRY INTO NON-MEDICAL USE

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, on behalf of my colleague the Minister of National Health and Welfare (Mr. Munro) I should like to table copies of a document containing the names of members of the committee of inquiry into the non-medical use of drugs, together with their curricula vitae.

[Mr. Matte.]

NATIONAL RESOURCES AND PUBLIC WORKS

REFERRAL OF ANNUAL REPORT OF NATIONAL ENERGY BOARD TO STANDING COMMITTEE

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, I gather that there have been discussions among those interested in the work of the Standing Committee on National Resources and Public Works to the end that in order to complete its business it would be desirable to refer the annual report of the National Energy Board for the year ended December 31, 1968, which was tabled on April 1, 1969, to that committee. If the house is generally agreeable, perhaps that could be made an order of the house.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

ATLANTIC REGIONAL FREIGHT ASSISTANCE ACT

MEASURE TO AMPLIFY FREIGHT RATES LEGISLATION, TO REMOVE CERTAIN STATUTORY REDUCTIONS, AND OTHER MATTERS

Hon. Donald C. Jamieson (Minister of Transport) moved for leave to introduce Bill No. C-207, to authorize assistance to transportation in the Atlantic region.

Motion agree to, bill read the first time and ordered to be printed.

MARITIME FREIGHT RATES ACT

MEASURE TO EXTEND FOR ONE YEAR PROVISIONS OF RAILWAY ACT—ORDER TO WITHDRAW

Hon. Donald S. Macdonald (President of the Privy Council): On a point of order, Mr. Speaker: In view of the fact that the substance of Bill C-207, now introduced, incorporates what is in Bill C-182, I wonder if it would meet with the general agreement of the house to have Bill C-182 withdrawn.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed:

Order discharged and bill withdrawn.

Mr. Baldwin: Have you any others you want to withdraw? A couple of budgets, maybe?

ORAL QUESTION PERIOD

DOMINION-PROVINCIAL CONFERENCE

WHEAT—DISCUSSION OF CASH POSITION OF WESTERN GROWERS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, would the Prime Minister say whether he took the opportunity to meet separately with the premiers of the western provinces this week. Was the position of the western wheat growers discussed, and may we expect an early announcement as to what assistance, if any, is to be forthcoming to meet the immediate and very serious cash problem faced by the western wheat growers?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, arrangements had been made for the three western premiers to meet with ministers of the federal government responsible for one or another aspect of wheat and agriculture. The arrangements did not go through because the timing of the conference was upset by the fact that it ended earlier than anticipated. But meetings did take place singly between, I believe, all or most of the premiers, various ministers and myself, during which we did talk about wheat.

Mr. Stanfield: Mr. Speaker, would the Prime Minister reply to the latter part of my question, as to whether we may expect an early announcement as to what assistance is to be forthcoming, if any, to meet the difficult cash position of western wheat growers?

Mr. Trudeau: Mr. Speaker, it might be noted that there was not agreement among the premiers themselves as to the best ways in which this should be done. I merely add that if any announcement is to be made, it will be made by the government in the usual way.

Mr. Stanfield: May I express the hope that the government of this country will take the initiative and discharge its responsibility, if we cannot get unanimity from all the provinces.

PARLIAMENTARY COMMITTEE ON THE CONSTITUTION—DISCUSSION WITH OPPOSITION PARTIES AS TO SCOPE AND TIME OF SITTING

Mr. G. W. Baldwin (Peace River): I have a supplementary question, Mr. Speaker. I would like to return to the question I asked the Prime Minister earlier. I say this with great sincerity. Will the Prime Minister not discuss with the opposition parties the nature and scope of any parliamentary committee which may be established or discussed?

I say this, because if I may be permitted to voice my opinion, in the final analysis it is for the people of Canada to make a decision and, through their acceptance or rejection of governments, to manifest their desire. Does the Prime Minister not agree that it is most important to the people of Canada to have a full and adequate knowledge of what the matters are that are at issue and what are the decisions that will be made?

Mr. Trudeau: Concerning full and adequate knowledge, we have always tabled our working papers, and we will table the ones we used at this conference. People will have full and adequate knowledge of our current position. However, whether or not they will ever have full and adequate knowledge of the position of the opposition is doubtful.

Mr. Andrew Brewin (Greenwood): I should like to ask the Prime Minister whether, contrary to what he stated the other day, he would consider setting up the parliamentary committee during this session and perhaps making arrangements for it to meet during the summer recess.

Mr. Trudeau: It is not the intention to have the committee set up before the summer recess. I said I would be prepared to discuss with the opposition parties the question of the establishment of a joint Senate and House of Commons committee which would meet in the next session.

Mr. Steven E. Paproski (Edmonton Centre): I have a further supplementary question which I should like to direct to the President of the Treasury Board. Now that the dominion-provincial conference is over, can the minister say what was the cost per premier of opening the tunnel from the Chateau Laurier to the centennial centre?

[*Translation*]

DAIRYING—DISCUSSION BETWEEN REPRESENTATIVES FROM ONTARIO AND QUEBEC

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to put a supplementary question to the Prime Minister, following the question of the Leader of the Opposition who asked a while ago if the Prime Minister had met with the premiers of the western provinces concerning the condition of wheat producers.

Did the Prime Minister meet with the Quebec and Ontario premiers to discuss another sector of Canadian agriculture, namely the dairy industry which is in a state of stagnation?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the matter was obviously not on the agenda of the conference. It has nothing to do with constitutional matters. On the other hand, the premiers concerned did not ask to discuss the matter with me. In private conversations, they talked to me about matters other than those discussed at the conference, but milk was not mentioned.

[*English*]

APPLICATION OF SENATORIAL DISTRICTS TO COST SHARING PROGRAMS—CONDITIONAL GRANTS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I ask the right hon. Prime Minister a question. In view of the press statements which have emanated from the federal-provincial constitutional conference and the misunderstanding which may follow from these statements, I should like to ask the Prime Minister whether the federal government proposes to divide Canada into senatorial districts in dealing with cost sharing programs, and whether the government proposes that three of these districts have veto power over any cost sharing programs in the future?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, our position will be submitted in all the details which bear on it in a matter of days. The question as asked by the leader of the New Democratic party calls for a lengthy explanation of our position. There is a desire on the part of the federal government to establish some kind of national consensus before the federal government embarks, not on all the aspects of its spending power, but on the use of conditional grants to provinces.

The federal position would not apply to grants to individuals or institutions, nor indeed to unconditional grants, but merely to conditional grants. It is a complicated formula. I do not mind replying to any series of questions on the matter, but the document will be tabled in a few days.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I have a supplementary question, Mr. Speaker. I had hoped that the Prime Minister would make such a statement on motions, giving us the full information; but in view of the fact, if we may judge correctly by reports, that three regions would be required to approve a cost sharing program before it was implemented, am I to take it that in these regions where there are four provinces all four provinces would be required to agree before that region's vote could be considered to be in favour?

Mr. Trudeau: The answer is no, Mr. Speaker, the hon. member should not take it to mean that.

Mr. Douglas (Nanaimo-Cowichan-The Islands): If it does not mean that, Mr. Speaker, may I ask the Prime Minister what it does mean? Can a region's vote be divided—two of the regions containing four provinces, four in the west and four of the Atlantic provinces—and assuming that a region is divided, two provinces or three provinces being in favour and one opposed, what would be considered to be the vote of that region? Would it be for or against? And will a single province or region have the power to veto the decision?

Mr. Trudeau: The answer is no again, Mr. Speaker.

Mr. Speaker: Order, please.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I rise on a point of order, Mr. Speaker. I am asking the Prime Minister for information which is surely of vital concern to the people of this country, and the Prime Minister has given us no information on motions. Surely we are entitled in the question period to get some clarification on this matter.

Mr. Speaker: The hon. member has asked a question and received an answer.

[*Translation*]

DISCUSSION OF REFERENDUM IN QUEBEC

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I would like to put a supplementary question to the right hon. Prime Minister.

He said earlier that the question of the Canadian constitution was brought up at the federal-provincial conference. Could he tell me whether mention was made of the referendum to be held next fall, as announced by the Quebec premier? Did the Prime Minister discuss the matter with the Quebec premier?

Right Hon. P. E. Trudeau (Prime Minister): This matter was not on the agenda, Mr. Speaker.

[*English*]

CONSUMER AFFAIRS

PRICES AND INCOMES COMMISSION—INQUIRY AS TO APPOINTMENT OF MR. PAUL GÉRIN-LAJOIE

Mr. James A. McGrath (St. John's East): In the absence of the Minister of Consumer and Corporate Affairs I should like to direct my question to the right hon. Prime Minister and ask him whether the government has appointed Paul Gérin-Lajoie, a member of the Quebec national assembly, as a member of the Prices and Incomes Commission, and if so will legislators from the other provinces receive similar appointments?

Mr. Speaker: The question should be placed on the order paper.

Mr. McGrath: Mr. Speaker, I rise on a point of order. The appointment of this individual and other appointments to the Prices and Incomes Commission was leaked to the press this morning, and I think the house is entitled to know, coincidental with the press knowing at least.

BEEF—INQUIRY AS TO APPOINTMENT OF JOINT COMMITTEE TO INVESTIGATE PRICES

Mr. G. W. Baldwin (Peace River): May I ask a related question to the President of the Privy Council? Will he indicate whether it is the intention of the government to appoint a joint Senate-House of Commons committee to deal with the price of beef, and if so will the committee have any teeth?

Hon. Donald S. Macdonald (President of the Privy Council): That will be pretty tough to say, Mr. Speaker.

NATIONAL DEFENCE

UNDERTAKING TO PRESENT PROGRESS REPORT BEFORE SUMMER RECESS

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I should like to direct a question to the Minister of National Defence and ask him whether it is his intention to table a white paper or make a definitive statement on motions with regard to the detailed implications, not only for the government but for the forces themselves, of changes being made by the government in the defence policy.

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, it is not my intention to table a white paper but I think I have indicated to the house that I would like to make a progress report before the house adjourns. As it stands now, I will be able to make a statement, not a definitive statement because we are still working on the model, but an interim statement or a progress report by June 23, or by Monday of the last week in which the house will be sitting.

Mr. Baldwin: This government does not believe in definitive statements.

Hon. Marcel Lambert (Edmonton West): I should like to ask the Minister of National Defence whether he will be able to indicate in his statement the progress made with regard to obtaining a refuelling plane to take care of the CF-5?

FINANCE

INTEREST RATES—CONSIDERATION DURING SUMMER RECESS BY STANDING COMMITTEE

Mr. David Lewis (York South): Mr. Speaker, I should like to direct a question to the Minister of Finance. In view of the fact that the banking committee of the House of Representatives in the United States, and particularly its chairman, is concerned with the constant and high interest rate, and that that committee has decided to investigate the reason for the rise, as well as the banking and financial structure relating to it, I should like to ask the minister whether he would agree to the referral of the problem of rising interest rates to the finance committee of this house so that it could meet and study the problem.

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I will consider the hon. member's suggestion.

Mr. Lewis: Of course I appreciate the minister's suggestion that he will consider it. May I ask him whether he could decide before June 27 to refer this matter to the committee and also arrange that the committee meet during the summer recess.

Mr. Benson: That depends on how long my consideration will take.

Mr. Lewis: I have a further supplementary question, Mr. Speaker. I appreciate the sense of humour of the Minister of Finance, one hears it so seldom that it is appreciated, but I would like to know from the minister just how long he will take to make up his mind. He may think it humourous but the people of Canada do not.

Mr. Benson: I was quite serious.

Mr. Speaker: Order. It seems to me the hon. member is repeating a question he has already asked.

Inquiries of the Ministry

EFFECT OF HIGH INTEREST RATES ON CANADA SAVINGS BONDS

Hon. Robert L. Stanfield (Leader of the Opposition): Earlier in the week, Mr. Speaker, I asked the Minister of Finance whether he believed that the change in interest rates in the United States as reflected in Canada would affect the holding of Canada savings bonds. To that he replied: "I do not really think it will have any serious effect on the holding of Canada savings bonds." In view of the announcement by the Bank of Canada that net redemptions of Canada savings bonds in the past week reached $26 million, almost twice the normal rate, will the minister say whether there has been any change in his position since Tuesday?

Hon. E. J. Benson (Minister of Finance): Of course, we did not know at that time the level at which bank rates would settle in Canada, and all I can say is we shall have to keep a very close watch on the redemption of Canada savings bonds.

Mr. Stanfield: I want to be sure I understand the Minister of Finance. Is he suggesting to me that when he gave that answer on Tuesday he did not anticipate there would be a change in the bank rates in Canada, following the change in interest rates out of New York?

Mr. Benson: I did not know at that time the level at which the prime rate of banks in Canada would settle. What is more important, I did not know the rates the banks would be paying on deposits.

Mr. David Lewis (York South): In relation to the redemption of Canada savings bonds may I ask the minister whether he is giving consideration to removing some of the tax incentives now available to equity investors or, alternatively, to providing extra inducement to invest in Canada savings bonds and other government bonds?

Mr. Benson: The whole matter of what the various incentives are to be is dealt with in our white paper on tax reform which I hope to bring out during the coming summer.

REQUEST FOR CALL OF DOMINION OF CANADA PERPETUAL BONDS

Mr. A. D. Hales (Wellington): In view of the extremely low interest rate of 3 per cent on Canada perpetual bonds, and in view of the fact that they are so often held by elderly people, would not the minister consider calling these bonds, particularly in view of the fact that yesterday they were worth only $42.50?

Hon. E. J. Benson (Minister of Finance): I think this question has been adequately dealt with both by my predecessors and by myself. If we were to call these bonds at par a lot of people who bought them very cheaply would make a big capital gain; it would not benefit the original holders of the bonds, except in a few instances.

Mr. Hales: Would the minister not consider overcoming that problem by calling bonds up to the year 1955, or thereabouts?

Mr. Benson: We cannot trace ownership.

EXTERNAL AFFAIRS

MAINLAND CHINA—REQUEST FOR PROGRESS REPORT ON CANADIAN RECOGNITION

Mr. Lorne Nystrom (Yorkton-Melville): I wish to address a question to the Prime Minister, Mr. Speaker. Can the right hon. gentleman tell the house when we may expect a progress report on the subject of negotiations by our government toward diplomatic recognition of mainland China?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, I have nothing to add to what the Secretary of State for External Affairs has been saying.

INDUSTRY

APPLICATION OF DEPRECIATION DEFERMENT TO COMMERCIAL CONSTRUCTION

Mr. Eldon M. Woolliams (Calgary North): I should like to direct a question to the Minister of Finance; it is one which concerns, maybe, the "have" provinces and the "have" cities. Bearing in mind current anxiety as to the application of depreciation deferment in respect of commercial buildings, especially as to the relevant dates, and the position of buildings not covered by construction agreements, will the minister consider making a statement in the clarification of this whole matter?

Hon. E. J. Benson (Minister of Finance): As to the exact incidence of this measure—when it applies, and to which properties it applies—a press release is being issued today and I should be glad to send a copy to the hon. gentleman. As he knows, this is a very complicated matter as to the cut-off date.

Mr. Woolliams: With the greatest of respect to the minister—and I am not trying to be

argumentative—does he not think this subject is so important that he should ask permission of the house to revert to motions and then make a statement here, before giving information to the press?

Mr. Benson: This is a technical matter, Mr. Speaker, involving dates at which certain measures apply. I should be pleased to send the hon. member a copy of the press release; I would have brought it with me, but I overlooked doing so.

Mr. Baldwin: Are you putting it to music?

ATLANTIC REGIONAL FREIGHT ASSISTANCE ACT

INQUIRY AS TO DEBATE ON AND DISPOSITION OF NEW MEASURE

Mr. J. P. Nowlan (Annapolis Valley): My question is for the Minister of Transport, Mr. Speaker. Is it his intention to proceed with Bill C-207, now that it has been given first reading today, before parliament rises for the summer recess?

Hon. Donald C. Jamieson (Minister of Transport): Yes, Mr. Speaker, as fast as we can get the necessary co-operation of all parties.

Mr. Nowlan: The minister knows he can always count on the co-operation of members on this side of the house. May I ask whether this is a priority item of legislation to be passed and completed before the house rises for the recess?

Mr. Jamieson: I would hope so, Mr. Speaker.

Mr. Robert McCleave (Halifax-East Hants): A supplementary question. Will the measure now before the house be of an interim nature and will the minister plan further legislation based on the report of the Committee on Transport and Communications which is due to come in next week?

Mr. Jamieson: Yes, Mr. Speaker.

Mr. James A. McGrath (St. John's East): My supplementary question is by way of clarification. I should like to ask the minister how he was able to anticipate a report of the Standing Committee on Transport and Communications which is presently under consideration by that committee, and which recommends precisely the bill which the minister introduced in the house today.

Mr. Jamieson: Mr. Speaker, it is never hard to anticipate the hon. member.

Inquiries of the Ministry

HIGHWAY SAFETY

ESTABLISHMENT OF BOARD TO REDUCE DEATH TOLL

Mr. Barry Mather (Surrey): May I direct a question to the Minister of Transport, Mr. Speaker? Bearing in mind the continuing toll of death and injury on our highways, is any progress being made with regard to the establishment of the public board on highway safety which was announced by his predecessor?

Hon. Donald C. Jamieson (Minister of Transport): It had been my intention to make a statement on motions today, but in view of the fact that the Prime Minister was making a statement I have deferred doing so until the next day I am in the house, which is next Tuesday.

NATIONAL ARTS CENTRE

USE OF TERRACE FOR PUBLIC DISCUSSIONS

Mr. A. D. Hales (Wellington): I should like to direct my question to the Secretary of State who reports for the National Arts Centre. I see the minister is not in the house, so I will direct it to his parliamentary secretary, Mr. Speaker. Was it with the approval of the minister that Mr. Ron Singer, director of national art youth programs, has arranged facilities on the National Arts Centre terrace, starting at midnight tonight and continuing for 48 hours, for a group of people who refer to themselves as "broaders" from 15 Daly Avenue, to speak on the subject of peace?

Mr. Robert Stanbury (Parliamentary Secretary to the Secretary of State): The Secretary of State will be responding to questions on Monday, Mr. Speaker.

Mr. Hales: Would the Parliamentary Secretary ascertain whether it is the intention of the minister to use the terrace and surrounding areas of the National Arts Centre as a duplicate of Hyde Park?

Mr. Stanbury: Certainly, Mr. Speaker, but the minister does not administer that territory.

GRAIN

ALLEGED INEQUITIES IN DELIVERY QUOTAS

Mr. John Burton (Regina East): I have a question for the Minister of Industry, Trade and Commerce, Mr. Speaker. In view of statements that steps would be taken to correct inequities in grain delivery quotas in western

Canada would the minister undertake to investigate continuing inequities in quotas, and can he indicate the prospect for grain deliveries by the end of the crop year?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): I have a report on the situation here, Mr. Speaker. There are at present 4 on unit quota, 19 stations on a one-bushel quota, 204 on two bushels, 579 on three bushels, 664 on four bushels, and 347 on five bushels. I am assured by the chief commissioner that his hopes are still very high that all stations will be on a five bushel quota by the end of the crop year.

Mr. Burton: Can the minister say whether immediate steps will be taken to ensure that areas which are still on a unit quota, a one bushel quota or a two bushel quota will be given immediate priority—rather than attempting to extend the quota at other points to five bushels at the present time?

Mr. Pepin: I said before that this was being done, Mr. Speaker.

SUGGESTION TO INCREASE BROKERAGE COMMISSIONS

Mr. Eldon M. Woolliams (Calgary North): Would the minister consider discussing with the wheat pools and the grain companies of western Canada the idea of increasing the brokerage commission for the sale of grain rather than paying large sums of money to them for storage, whereby the pools and companies are making large profits from storage.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Thank you for the advice.

EXHIBITIONS

SUGGESTION TO INCREASE GRANT TO CANADIAN NATIONAL EXHIBITION

Mr. John Gilbert (Broadview): Mr. Speaker, may I direct a question to the Prime Minister. In view of the vigorous speech made by the former mayor of Toronto, the hon. member for York West (Mr. Givens), to the effect that there is a great disparity between amounts of federal aid given to Montreal and Toronto, does the government intend to adjust this disparity by giving a federal grant to the Canadian National Exhibition and by seeing to it that Toronto has greater representation in the cabinet?

SHIPPING

SUGGESTED INQUIRY INTO SINKING OF "HUTOWKO QUEEN"

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, may I direct a question to the Minister of Transport. Is the minister's department investigating the latest mishap in a series of sinkings of steel hulled tugboats. In this case I am referring to the *Hutowko Queen,* which sank on Sunday, June 8, in the Fraser River. If so will the cause of this latest shipping loss be considered for inclusion in terms of reference of the inquiry appointed to study the sinking of the *Emerald Straits*?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I will be glad to consider that possibility. In any event, the whole question of tugboat safety will be given detailed study either during the commission hearings or subsequent to that.

INDIAN AFFAIRS

FAILURE OF MINISTER TO ATTEND TREATY RIGHTS MEETING

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, may I direct a question to the Minister of Indian Affairs and Northern Development. The question I am about to ask is similar to the one I directed toward the government benches one week ago, when the minister was unavoidably absent from the house. I asked then why he had not met the National Committee on Indian Rights, which sought a meeting with him prior to the issuance of the white paper. I think the minister had previously given an assurance in the house that he would be meeting this group late in May or early in June.

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, that group convened in Ottawa and held discussions with officials of my department. It had been understood that it would not be necessary to meet me at this first meeting. They had asked to meet me on Friday, but I had then left Ottawa. And while the Leader of the Opposition (Mr. Stanfield) was asking a question in the house, the delegation was having discussions with my deputy minister which lasted nearly two hours.

[*English*]

TAXATION

IMPLEMENTATION OF PRINCIPLE FOUNDED ON ABILITY TO PAY

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I have a question for the Minister of Finance. In view of the findings of a survey just published at the University of Waterloo to the effect that the level of taxation has no significant effect on the taxpayer's incentive to work, will the minister now consider implementing the principle that people should be taxed according to their ability to pay, which is embodied in the Carter report?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I happened to see a report of this survey in the press. The findings of the report certainly are not in accordance with my experiences with taxpayers as Minister of Finance or formerly as minister of national revenue.

Mrs. MacInnis: A supplementary question, Mr. Speaker. The minister may say that the taxpayers surveyed are not the sort he is familiar with. Nevertheless, if the taxpayers the minister knows about, as well as those who were surveyed, were to be taxed according to their ability to pay, I think the result would be much better.

Mr. Speaker: Order, please.

Mr. Benson: The taxpayers I know are ordinary people, like me.

CONSUMER AFFAIRS

SALE OF FISH DURING PERIOD OF HIGH MEAT PRICES

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my question is directed to the Minister of Fisheries and Forestry. What additional efforts is the minister making to exploit the value of eating high protein, low priced fish during this period of high meat prices?

CANADIAN NATIONAL RAILWAYS

CONSULTATIONS RESPECTING PENSIONS OF RETIRED EMPLOYEES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to direct a question to the Minister of Transport. In view of the fact that a little over three weeks ago he was able to assure me that he was working on the question of increasing the pensions of retired employees of Canadian National Railways, can he now tell me what progress he has made in his consultations with the Canadian National. Has he anything hopeful to report?

Hon. Donald C. Jamieson (Minister of Transport): There has just been brief consultation, Mr. Speaker, in which a report has been asked for. I have had some correspondence which I will be discussing with C.N.R. officials next week.

Mr. Knowles (Winnipeg North Centre): A supplementary question, Mr. Speaker. Perhaps the minister will be prepared to make a statement in the house some night on the late show.

WATER RESOURCES

INQUIRY AS TO INTRODUCTION OF WATER ACT—POLLUTION CONTROL

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. Even though the Canada water act was not intended to be debated during the present session of parliament, is it still the government's intention—

Mr. Speaker: Order, please. Will the hon. member kindly ask his question.

Mr. Rose: Yes, Mr. Speaker. Is it still the government's intention to introduce this legislation during the present session?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, it is still our intention to introduce this legislation and to have it read the first time during the present session.

Mr. Rose: A supplementary question, Mr. Speaker. Could I ask the minister to make a statement on motions about interim steps the government is planning with relation to federal water standards and pollution control?

Mr. Lang: Mr. Speaker, I may take the opportunity when presenting the bill for first reading for a coincident statement on motions.

OIL

SHIPMENT OF OFFSHORE PRODUCT TO AREA WEST OF OTTAWA RIVER

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, may I direct a question to the Minister of Energy, Mines and Resources. I am addressing the question to that minister who just completed answering the previous question. A few weeks ago he

was asked a question in the house to do with the movement of petroleum products from foreign sources west of the Ottawa Valley, and he said he would investigate what was going on and report back in due course. Has the minister completed his investigation? Is he able to inform the house of his findings and of any proposed recommendations?

Hon. Otto E. Lang (Minister without Portfolio): Yes, Mr. Speaker. I have a fairly up to date indication—

Mr. Speaker: Order, please. If the minister wishes to make a statement I suggest that this is not the proper time to do it. That should be done on motions.

Mr. Stanfield: A supplementary question, Mr. Speaker. While making a statement at the first opportunity on motions about the question of the movement of petroleum products and about any proposals the government wishes to make, will the minister also give to this house at the same time a statement with regard to the objectives of this government as they affect domestic oil markets. Also, will he tell us what are the objectives of this government with regard to the penetration of the United States market. Will the minister do that, Mr. Speaker?

Mr. Lang: Mr. Speaker, I will consider that.

SUBMISSIONS BEFORE U.S. TASK FORCE ON IMPORTS

Mr. G. W. Baldwin (Peace River): A supplementary question, Mr. Speaker. Although the government apparently has decided not to file submissions containing its views with the chairman of the United States task force on oil imports, is the government keeping in close touch with submissions that are being filed. In due course will the government make known to this house the results of the inquiries of that task force?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, we are of course keeping a very interested eye on the progress being made with regard to submissions which have come forward. The manner in which this study in the United States is going forward of course has serious and important implications for us. We are confident that the study will analyse in a careful manner the facts which exist. We are also confident that those facts will indeed lay the basis for a very sound future for the Canadian oil industry.

[Mr. Stanfield.]

NATIONAL ARTS CENTRE

SHORTAGE OF FUNDS FOR ADVERTISING AND PROTECTIVE STAFF

Mr. Randolph Harding (Kootenay West): Mr. Speaker, may I direct a question to the Secretary of State. There is a report that our National Arts Centre is already in financial difficulties. It is short of funds for advertising and lacks money to hire adequate protective staff. Has this matter been drawn to the minister's attention. If so, what action is planned?

Mr. Robert Stanbury (Parliamentary Secretary to Secretary of State): Mr. Speaker, the minister will be in the house on Monday.

SHIPBUILDING

CANADIAN VICKERS—OFFER TO PURCHASE BY QUEBEC INVESTMENT CORPORATION

Mr. David Lewis (York South): Mr. Speaker, may I direct a question to the Minister of Industry, Trade and Commerce. Have there been discussions about Canadian Vickers in which he participated. During these discussions did Quebec Investment Corporation offer to purchase Canadian Vickers on the condition that the Canadian government give Canadian Vickers some contracts on an interim basis. May I ask whether the government has refused to so so, and is that a final decision?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I read with great interest the article in this morning's newspapers on this question. There are at least four errors in the report. There have been no such negotiations so far as I am concerned, and the statement attributed to me that Canadian Vickers is "a cancer that should be removed as soon as possible" is an absolute lie.

Mr. Speaker: Order, please.

Mr. Lewis: Mr. Speaker, I did not refer to the statement because its language was not typical of the minister. He would not use it.

Mr. Pepin: Thank you.

Mr. Lewis: Can the minister inform the house whether the Government of Canada has decided not to give any contract to Canadian Vickers, even though some arrangement might be made to continue that company in operation?

Mr. Pepin: Mr. Speaker, it seems to me that that is a hypothetical question.

Mr. Lewis: Mr. Speaker, with respect, I know that the C.N.T.U., the union concerned, has been negotiating with the Quebec government and with representatives of the federal government. I assure you there is nothing hypothetical about the situation at Canadian Vickers, and these discussions. Perhaps Your Honour would permit the minister to answer.

Mr. Pepin: The distribution of contracts for marine construction is not my responsibility, but I have inquired and I was told that the only possibility this time is for repair jobs. I would like to underline the fact that other shipyards in Quebec are doing fairly well.

PUBLIC SERVICE

SUPERANNUATED FEDERAL EMPLOYEES—REQUEST FOR INCREASED PENSIONS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is for the President of the Treasury Board. It is very brief, but very urgent. May we hope for government action or at least an announcement on the question of increasing the pensions of retired civil servants before we recess at the end of June?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I cannot control what the hon. gentleman might or might not hope, but I would not feel justified in encouraging anyone to expect an announcement before the end of the session.

NATIONAL DEFENCE

CANADIAN ARMED FORCES—REQUEST FOR INCREASED PENSIONS—R.C.M.P.

Mr. Stanley Knowles (Winnipeg North Centre): A supplementary or related question, Mr. Speaker. May I ask the Minister of National Defence whether we may expect such an announcement from him before the end of June with respect to the retired members of the armed forces?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, my answer would be quite similar to the one given by the President of the Treasury Board. Actually it is out of my hands now. The problem is being studied for all former employees of the federal government.

Mr. Knowles (Winnipeg North Centre): A further supplementary question, Mr. Speaker. If the Solicitor General were here I would ask him the same question with regard to retired members of the R.C.M.P. I would hope I might receive a favourable answer from him.

GOVERNMENT ORDERS

TELESAT CANADA ACT

MEASURE ESTABLISHING CORPORATION FOR TELECOMMUNICATION BY SATELLITE

Hon. Eric W. Kierans (Postmaster General and Minister of Communications) moved that Bill C-184, to establish a Canadian corporation for telecommunication by satellite, be read the third time and do pass.

Mr. Stan Schumacher (Palliser): Mr. Speaker, I should like to take this opportunity to say that this bill does not have the unanimous support of all members of the house. I am not prepared to support this legislation for the following reasons: First, this country was built and is what it is today primarily through the efforts of the enterprise system, a system which is foreign to the thinking of those governments which do not allow that type of system. In this system government certainly has a role to play. That role should be to create a climate for the proper operation of the enterprise system, that is, to formulate, impose and administer proper rules and regulations—laws, if you will—so that enterprise will work for the benefit of the most citizens of this country. This includes proper laws against the formation of monopolies and the proper regulation of unavoidable monopolies. It also includes something that is long overdue—proper laws to protect the investing public. The government also has a place in those areas where enterprise either cannot or will not do something that it required for the public good.

The minister has on several occasions used the completely spurious argument that this bill is necessary for the completion of the job of nation-building started by the C.P.R. about a hundred years ago, and that this bill is only the present-day application of that policy. That is nonsense, Mr. Speaker. In the case of the C.P.R. there was nobody available who was able to undertake the construction of that project and the government quite properly became involved in its financing, but not its ownership.

In this case the communications industry has been prepared for some time to construct a domestic communications satellite. Here I would like to refer to the brief of the Trans-Canada Telephone System. I quote from the second paragraph on page 2:

> Realizing its responsibility for the development and provision of all forms of telecommunications, the telephone industry has been studying the implications and the potential of telecommunications

by satellite for many years. In fact, as early as 1962 the industry submitted to the Minister of Transport a comprehensive brief on space communications in Canada, followed in 1966 by briefs to the Science Council of Canada. In May, 1967, the Trans-Canada Telephone System, in association with Canadian National-Canadian Pacific Telecommunications, submitted to the Minister of Transport a formal proposal to build and operate a multipurpose domestic system, entirely financed by the common carriers and satisfying all the anticipated demands for service that had been indicated by government, industry and the public up to that time.

When this bill was in committee I questioned the minister about the position of the Trans-Canada Telephone System. All he would say was that he thought the government's present approach was the best approach. The minister did not take that opportunity to say that the facts contained in that portion of the brief which I quoted were wrong or that the proposal was inadequate. So I can only assume that the Trans-Canada Telephone System was prepared to do the equivalent of what is now proposed in this bill.

Apart from objecting to the bill on the basis that it is unnecessary, I also object to it on the basis that we do not know what it will in fact cost the taxpayers of this country. It appears we are being asked to vote a total sum of $79 million, up to $30 million which the government would like to invest in equity capital and up to $40 million for debt financing, an amount which would enable the government to put up the satellite itself without reference to the common carriers or the public. We still have no guarantee that the public or the common carriers will be a part of this transaction.

Apart from that cost, and I think it is very important at this time because we are faced with a record budget, record taxes and a rising cost of living which is encouraged by the activities of the government, I think the government has an opportunity here to set an example to the private sector of industry by getting out of a field where it is not required and really has no business being in the first place. Apart from the possible cost of $70 million, there is also the cost of making the system useful for the purpose for which the minister says he wants it in operation, that is, to a large extent to deliver television programs to the far northern areas of Canada. It should be understood that this system will not deliver television programs on its own to the northern areas and that additional investment will be required for that purpose. This system will not transmit television directly into the homes of people. Ground stations must be built to receive a signal from the satellite for retransmission to people's homes. We cannot get any estimate of what this will cost. We could be faced with the expenditure of another $70 million to make this system operative in the way the Minister of Communications anticipates.

[Mr. Schumacher.]

• (12:10 p.m.)

Primarily I object to this approach because the government should not be in such a project when somebody else can carry it out. Secondly, I object because we do not know how much money we are being asked to spend. The government has an opportunity to let private investors show what they can do for the country. When the United States approached this problem it arranged a partnership between the investing public and the common carriers, which has operated very well. Why have the government involved here when there is no need for it? I for one, Mr. Speaker, cannot support this legislation.

Mr. David Lewis (York South): Mr. Speaker, as other members of my party have indicated on numerous occasions, we are strongly in favour of the minister's idea of establishing a company to develop a space communications satellite, but we are equally strongly opposed to the way he is structuring the company so that it will be mainly in private hands instead of coming under government ownership. Before I finish my remarks I am going to try to move another amendment calling for less public ownership than we originally wanted in the hope that I may be able to persuade the minister to accept that approach.

Like the minister we are in favour of this space communications satellite because it is necessary for Canada, as an important industrial country, to enter into new fields of technology and to be ahead in the developing scientific revolution of our times. We agree with him that the considerations are political and social, as well as technological development for the country. We agree with the minister that the satellite can play an important part in distributing encouragement for people of both official languages across Canada. We agree with him that the satellite can be of great benefit to remote communities everywhere in Canada, particularly in the north. We agree with him that this system can have great value for educational use in the provinces and in the territories of Canada. Finally, we agree with him that the system which this bill envisages can be of great

value to Canada in research and development in a field of great importance to the future of every industrial nation.

It was for these reasons that Mr. Schreyer, one of the first speakers for this party and until recently a member of the house, expressed enthusiastic support, as did others and as do I, for the notion of developing a ground-space communications satellite. We want to make it clear that despite our strenuous objection to the way in which the minister has sold out the public interest of Canada in this bill we are in favour of the idea of developing the kind of system that this bill sets forth.

Why does the minister insist on giving private control a 70 per cent interest in the ownership of this company? The bill itself does not set out the proportions, but the minister has stated that he intends that there should be public ownership to the extent of 30 per cent, ownership by common carriers to the extent of 30 per cent, and ownership by private investors to the extent of the remaining 40 per cent.

It is impossible for me to see how the minister can avoid the simple fact that that arrangement would place this company, essential to Canada's political and social devellopment, essential to research and development progress in the field of technology, essential as a base for continuing the scientific revolution, in the control of the private corporations of the country, those corporations that already have too much control in the field of communications. If he says to me that they will have only 30 per cent and that 40 per cent will be available to private investors, then without hesitation I say to him that the private investors will either be associated with these corporations or will have exactly the same orientation as these corporations, and that in fact 70 per cent of the ownership of this company will be in private hands that are motivated by interests that have nothing to do with public interest. It is worse than that, Mr. Speaker. I would have understood it coming from some other members of the cabinet, but I cannot understand it coming from this minister. I cannot see how he can fool even himself by the words he has spoken on this subject before the standing committee and in the house.

I point out to hon. members and to the people of Canada that the common carriers will not only have an ownership interest in this company but they will be the corporations that will provide components and services to the company, part of which they will own, and some of these corporations will be the ones that purchase services from this company, part of which they will own, since they will own at least 30 per cent of it and probably have control over another 40 per cent.

They will sell components and services to themselves and they will purchase services for themselves from this company which they will own. This is vertical integration of the most evil kind, and there is no way in which the minister or the government can avoid that fact.

Why are we doing this? Why are we giving this tremendous power to Bell Telephone, R.C.A. Victor and Northern Electric that already have an oligopolistic control of the communications industry in Canada? And remember that RCA Victor and Bell Telephone to some extent are tied in with American corporations in this field. Why are we handing over to these corporations control of what the minister has called the nervous system of our society? Why is the minister so adamant about letting them have control?

We ask another question, Mr. Speaker. Can we envisage any other situation but that this arrangement will mean we will have a public guarantee for the investments of the private corporations and of wealthy private investors? If the company set up under this bill makes profits they will benefit but if it should make losses—Mr. Speaker, my words in this connection will be in *Hansard* and I stand by them—the public purse will make good those losses and not the corporations and private investors. So we have a company that is to set up something essential to Canada; yet we give these private corporations and their individual friends the authority to control it and to deal with it as they see fit. And because we are not going to let it go broke we are to make sure their investment will always give them a profit, or they will be at liberty to pull out.

• (12:20 p.m.)

Why is the minister doing this? If there is one field in the western world in which public ownership has been recognized as desirable it is the field of transportation and communications. We have recognized that in this country. We have not made it necessarily exclusively public, but we have recognized that we should have a publicly owned radio and television system. We have recognized that we should have a publicly owned railway system, although at that time we really recognized it because the private corporations had

failed. Our party recognized that the trans-Canada pipeline ought to be under public ownership and that it was a sell-out of Canadian interests to let it be built under private ownership. Because of that, eventually it fell into the hands of foreign United States corporations.

Why are we doing this in this case? Is it timidity on the part of the minister? Does he lack the courage to build this company as a public corporation for the benefit of Canada? Is it the pressure by the common carriers that the minister has been unable to withstand? He walks out to stand behind the curtains to have a smoke and ease his conscience. He will have to do more than smoke.

I ask the minister whether it is the pressure of the private corporations which he did not have the courage to withstand? Is it that Bell Telephone, Northern Electric and R.C.A. Victor were too much for him and that he did not have the earlier courage he had when he was a minister in the Quebec Liberal government? He has left so much of his past in ashes that the pile of ashes fills this house every time he deals with this subject.

Why is he doing this? Is it because of the cost? He told us the total cost would be between $60 million and $70 million. The government will have to pay approximately $30 million in any event. From the point of view of an economist, if you are not an economist of the 18th century, does it matter whether the money raised is raised by one agency or another? Obviously it does not matter. It does not matter whether the $60 million or $70 million is raised by an agency of the government, a Crown corporation, or by a private corporation. The economy is affected to exactly the same extent. So there is no economic reason for this fear. It is just as sensible to raise the necessary funds for this corporation by means of securities as it is to hand over 70 per cent of the equity control into greedy private hands.

Is the minister afraid—and I have had this suspicion as I read the speeches of the minister—that unless he plays ball with these large corporations they will not provide the technical know-how he needs? Are we in the kind of spot in this country that these corporations can dictate to us by saying they must have a hand in this or they will hold back the know-how and experience they have? If this is the situation then it is time these corporations were hit pretty hard, because much of the research and development they have carried on has been carried on with federal funds given to them by the Department of Industry precisely for that purpose. Surely we can tie strings to the funds we give them so that the results of their research and development will be made available for the benefit of this country and the people of this country.

Has the minister so buried his previous fairly open-minded approach to private and public ownership that he is now completely in a doctrinaire strait-jacket to the extent that he cannot have any public ownership in a field which cries out for it? I do not understand the obstinacy of the government in respect of this great undertaking which the people of Canada will greet with enthusiasm when they understand and know about it. Our country for too long has been behind in the field of scientific and technological development. As a result of the fact that we have permitted our economy to be placed in the hands of large corporations, we have for too long left to them the research development and technological advance. We must protect the public interests of this country instead of letting the private corporations have the final control.

Before the committee, on second reading and by amendment at the report stage we attempted to persuade the minister and members of this house to amend the bill so that the corporation would be totally publicly owned. We failed to succeed at each one of those stages. Our suggestion was defeated in the committee and later in the house. I want now to appeal to the minister to give serious consideration to the proposal that the Crown should have at least a majority ownership in this corporation. Perhaps the result will not be too bad if 40 per cent, 45 per cent, or 49 per cent of the shares of the corporation are made available to common carriers or private investors so that they may play their part.

The New Democratic party has never opposed the notion of partnership between public and private ownership in those areas where it is desirable and useful. In my opinion and in the opinion of my colleagues, there is no need in this case for such a partnership. Total ownership by the government for the people of Canada is what is needed in respect of such a company, but since the minister and the majority of hon. members will not accept that I appeal to them to have the courage at least to make sure that the government of Canada will have majority control in the equity of this company, leaving private investors to have a minority interest. Surely the minister cannot object to that. Surely there is nothing wrong with the proposal that the government

should have at least majority ownership of the shares of this company so that at no point can a combination of the private investors, corporate and individual, gang up and take over control of this new company. For that reason I do not see any need for me to take the 40 minutes I could have. Therefore I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That Bill C-184 be not now read a third time but that it be referred back to the Standing Committee on Broadcasting, Films and Assistance to the Arts, for the purpose of amending it so that Her Majesty in right of Canada shall own no less than a majority of the company's shares, thus assuring public control of the company at all times.

• (12:30 p.m.)

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, the amendment moved by the hon. member for York South (Mr. Lewis) reads as follows:

That Bill C-184 be not now read a third time but that it be referred back to the Standing Committee on Broadcasting, Films and Assistance to the Arts, for the purpose of amending it so that Her Majesty in right of Canada shall own no less than a majority of the company's share, thus assuring public control of the company at all times.

An hon. Member: Does the hon. member agree?

Mr. Caouette: Mr. Speaker, I agree that parliament is entitled to control any activity or company. There are actually in Canadian statutes provisions that enable the government to safeguard public interest at all times, and, for that purpose, it needs not have ownership of those companies.

I believe that the role of the government is not to own companies but to help the development and the expansion of private industry.

That is why I have said and repeated time and time again that some Crown corporations, especially in the field of communications, should be sold to private enterprise which can operate them more easily than the State.

That is where my views differ from those of the hon. member for York South who would like to see the government control just about every company in Canada, by nationalizing them, by socializing them because, according to the members of the New Democratic party, companies make profits which should go back to the Canadian people.

Now, it has been proved repeatedly that any State organization is much more costly than private enterprise from the point of view of administration, and in every other respect, so that a government that would be progressive should instead help private enterprise, allow new companies to be set up under supervision however, because there are laws to be respected, and if other laws must be adopted, let us do it. Only that does not mean that we must, as the federal parliament, as the Canadian government, own the company. The members of the NDP want the government to own the companies.

I could give typical examples. I remember when electricity was taken over by the State in the province of Quebec. I saw the Postmaster General and Minister of Communications (Mr. Kierans) who was at his desk a while ago. He believes in State ownership. However, he does not, in the case of Bill C-184.

The Postmaster General and Minister of Communications has already stated in the province of Quebec that the only party which had a definite and reasonable political program, likely to assist Quebec in its development, was the New Democratic party. I see him behind the curtains. He remembers no doubt that in 1960, 1961 and 1962, he was a New Democratic; today, he is a Liberal—

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): He is an intelligent man.

Mr. Caouette: —and of course, he accepts Bill C-184. I accept it on principle. However, the minister does not do so on principle but for partisan reasons. He is answerable to cabinet. Otherwise he would be simply asked to go back home or to come and sit over here, to my right, not as a collaborator but as the architect of nationalization.

Mr. Speaker, I come back to the nationalization of electric power. Mr. René Lévesque and his colleagues, including the Postmaster General and Minister of Communications, told us that the profits made by large companies such as the Shawinigan Water & Power, the Northern Quebec Power, by the 11 or 19 companies which have been nationalized, would be redistributed among the people of the province, that bad capitalists would stop devouring the small people, that profits would make it possible to reduce the cost of electricity in Quebec.

But 7 years after the nationalization that was to make Quebecers "masters at home"—the Postmaster General and Minister of Communications is aware of that slogan "Masters at Home", through the nationalization of

electricity—are the Quebec people more masters at home than they were in 1962? Let us see if the nationalization of the Shawinigan Water & Power has provided Quebecers with a better service. It is precisely the opposite. Nationalization in Quebec today costs more than a billion dollars. Hydro-Quebec has to pay in interest, $704,000 per day on its debt! Yes, $704,000 per day, before opening the door of the head office in Montreal. Was the cost of electricity reduced? It was increased by at least 30 per cent. Such is the result of nationalization. They introduced in the Hydro-Quebec administration appalling red tape and bureaucracy that devour all the profits private companies used to make, without improving the services provided to the people.

Such are the results of nationalization, not only at home, as concerns electricity, but in all companies. In all state-owned companies, it costs three times, four times, even five times more than when private enterprise provides the services.

Profits are made by private enterprise. The purpose of private enterprise is to provide services and make profits. But profit is an incentive, it is what enables someone to assume responsibilities and take risks. The government does not care about risks, there are no responsible people.

If one calls the headquarters of a Crown corporation, who is responsible? One wishes to speak to the general manager; he is not responsible. One speaks to the secretary, to the private secretary; they are not responsible. Nobody is responsible.

In the private sector, there are responsible people who think in relation to the future. Those are people who take responsibilities and risks. Those people can lose by taking risks, but they can also make profits. If they make profits, they increase their business. If they lose, they can go bankrupt. Thus, those people play an important part in the development of our economy.

It is for this reason, Mr. Speaker, that we oppose strongly the amendment proposed by the hon. member for York South and seconded by the hon. member for Winnipeg North Centre (Mr. Knowles). We do not want the government to meddle in everybody's business. We do not want the government to take decisions for the individual. The government must not take any initiative. It is the people who make up the government who can take or dispense with initiative. Every time the government helps private enterprise, no matter, the latter makes profits of course, but this is even less expensive than an operation that is uneconomic and whose administrative costs are five or ten times higher.

[Mr. Caouette.]

• (12:40 p.m.)

This is what I wanted to point out this morning, with regard to Bill C-184.

I know the government has to pave the way for the establishment in Canada of a corporation for telecommunication by satellite. It will not only serve the federal government but also the provinces. This corporation will be established by the government but will remain independent from it. It will, however be answerable to parliament.

If at any time a state-owned corporation fails to play its part properly, nothing prevents parliament from passing legislation to bring it to heel.

Undeniably, parliament is sovereign in Canada. A state-owned corporation is not and there is evidence of this in many fields.

When we inquire, for instance, about the C.B.C. which is a Crown corporation, we are always told that the government cannot make decisions, that the Secretary of State (Mr. Pelletier) has no say in those matters. It is nevertheless a Crown corporation which should be brought to heel, especially now, for it shows unwillingness to co-operate. Highly-placed people who seem to believe, quite wrongly, that they own the C.B.C. It is therefore the duty of the government and parliament to interfere and to determine the ends to be attained.

Those are not partisan ends and the purpose of the C.B.C. should be to inform the Canadian people about what is going on from coast to coast across Canada. Canadians should first of all be informed and also be made aware of the beauty of their country. Deficiencies may be pointed out, surely, but with more objectivity. That is why I often find fault with the C.B.C.

Some people say that because Caouette is not invited by the C.B.C., he has a grudge against the Corporation. This is quite untrue. Sometimes, Liberals should be invited by the Corporation and they are not.

I have often blamed the C.B.C. in connection with the separatist movement. The C.B.C. is responsible for the upsurge and the image the people have in Canada of the separatist movement in the province of Quebec. Every time there was a small demonstration of protest, C.B.C. cameramen were on the spot.

But for the centennial celebration of confederation, the C.B.C. was absent. Why? Because there are avowed separatists among C.B.C. officials. I have no objection to their being separatists, but I object to the fact that they want the general public to believe that all the people are separatists. That is bad. That they have a right to express their opinion, very well, but those with different political opinions should be able to express them also.

Mr. Speaker, I just spoke of one of our Crown corporations, but we have also the C.N.R. and the C.P.R. which can be closely watched by parliament. In fact, here in the house we have the right to criticize the Canadian National railways because that corporation is or should be supervised by the government.

We do not always maintain adequate control over those corporations but the parliamentary rights remain just the same. It rests with us to take our responsibilities and to state to those companies our proposed objectives, in order to serve better the interest of the Canadian people.

Mr. Speaker, we are pleased that the government is introducing the bill aimed at creating a Canadian corporation for telecommunication by satellite which we believe will serve not only the federal government, but also the various Canadian provinces which could use those telecommunications to reach the people. For example, the province of Quebec and the other provinces should have the right to use those means of telecommunication by satellite, but always with a creative objective in mind, that is to enable Canadians to know themselves better throughout Canada and to communicate with one another, to know their country before they learn about Viet Nam, African countries or Europe.

Knowledge of world geography is a good thing, but presently too many Canadians are ignorant of the geography of their own province or country and do not even know where Manitoba is. People will say: It is in the West. Yes, but where? They cannot tell. They do not know where Vancouver is. They are aware it is a western city, but they could not say where it is exactly.

Telecommunications are at the service of the Canadian population and the present government has the responsibility of using them in the interests of Canadians, because it is introducing the legislation. No matter what political party is in power, future governments will have to be fully convinced of the service the people expect of them.

We accept the principle of the bill aimed at making communications easier in Canada and abroad.

The amendment moved by the Socialists does not please us at all because we do not want to see too many crown corporations. We want the government to encourage personal initiative through private enterprise and to keep on developing our country because private enterprise alone in a position to do so. We have proved it in Canada, a big country with a small population. If we compare Canadian achievements with what the Socialists or the Communists have done in the whole world we have a right to commend private property and personal initiative. Let us respect the freedom of the individual, and instead of opposing his development or expansion projects, let us help him as much as possible, so that Canada can become the grandest country in the world, where life is comfortable, where the freedom of the individual is recognized as sacred, where respect for the individual and personal freedom are promoted.

[*English*]

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, since I intend to deal primarily with one point, and I hope to make it before one o'clock, it has been graciously agreed by my colleague and leader in this matter, the hon. member for Hillsborough (Mr. Macquarrie), that I make my contribution on the specific point now and give him the opportunity this afternoon, without any hiatus, to cover the full measure of his thinking on this bill.

My point concerns the type of partnership we are asked to bless by passing this legislation. As hon. members who sat on the committee are aware, one clause of the bill empowers the Governor in Council to determine the division of shares among the three groups, that is, the government, the common carriers in the telecommunications field, and the public. My understanding up until this morning had been that it would be a one-third, one-third, one-third division. I think I am correct in assuming that the telecommunications share will be on a one-third basis and that there will perhaps be a somewhat different division as between the government and the private sector. Before we deal with the amendment presented by the hon. member for York South (Mr. Lewis), I think the

minister should at least give us some indication of how he proposes to deal with this matter.

• (12:50 p.m.)

I have mentioned the powers the Governor in Council will possess under the Telesat bill. I shall direct my remarks to this point for the next few minutes. There are 46 clauses in the Telesat bill. In 11 of those clauses powers which are to be exercised by the Governor in Council are set forth. I regard some of the powers as necessary, some as unnecessary, and others fall into the area of opinion with regard to whether they should be included in the bill. As I have said, these powers are to be found in 11 of the 46 clauses.

In my opinion the powers granted in clauses 3 and 4 dealing with incorporation are necessary. Somehow the company has to be started and there have to be incorporators. In clause 6 the Governor in Council is given the power to approve the acquisition by the company of shares in companies with similar objects. In clause 10 the Governor in Council must approve both the price and the proportion of shares issued. I do not know how that body can determine the price of shares when presumably there will be a number of them at least floating about on the free markets of Canada. Nevertheless, we are being asked by the minister to give this power to the Governor in Council.

Clause 12 deals with the appointment of directors from the government side. I think this is a necessary power. In clause 12 also the Governor in Council is given power concerning bylaws and direction before the issuance of shares to the other elements of the partnership. Clause 13 deals in part with a vacancy among the directors appointed by the Governor in Council. This is a necessary power. Clause 14 concerns the approval of the election of the president of Telesat Canada by the Governor in Council. To me this seems to be the most questionable feature of the whole set-up. If there is to be some kind of partnership, then it should be a partnership indeed as well as in word. To give the Governor in Council a veto, which is in effect what this amounts to, over the appointment of a president subsequent to the first president to me is anathema.

Under clause 20 the Governor in Council has to approve transfers among the common carrier element of the partnership, as well as the bylaws dealing with such transfers. Under clause 38 the Governor in Council must approve the shares to be held by the Minister or Finance or some other agent of Her Majesty. Under clause 41 the Governor in Council must approve the loans which can be made to Telesat by the government. Finally, clause 43 provides that the Governor in Council must approve amendments to the schedule of common carriers found at the end of the bill.

The witness before us at the standing committee was Dr. MacIntosh who had been a leading figure in the discussions with the department before the bill was introduced. I should like to read a portion of his testimony. It is to be found at page 1950 of Minutes of Proceedings and Evidence No. 38. I was asking him about the powers of the Governor in Council in the areas I have just listed. Dr. MacIntosh said:

> As a general observation, I confess that it appears to me that there are quite a number of instances in the bill where the powers of the board are subject to approval by Governor in Council. I would hope that such instances could be minimized, because a board of directors which has any sense of responsibility would want to have its authority coterminus therewith.
>
> By that I mean that to the extent to which you require approval of Governor in Council, you ship the locus of authority beyond the board to the government of the day—and to that extent you erode the character of the company as a private corporation.

I think this is good philosophy and I do not think that Dr. MacIntosh would be happy to know that of the 46 clauses in the bill 11 deal with specific powers of the Governor in Council. I asked him about the point concerning the approval or veto of the Governor in Council of the appointment of subsequent presidents. Dr. MacIntosh replied, as recorded at page 1951 of the committee proceedings:

> As to whether subsequent appointments of president should be so approved, I would have some reservations.

I asked him a good number of questions about the other powers of the Governor in Council, but I think that on this one the point was made quite effectively. I do not think that the government will be prejudiced in its position in the Telesat corporation by allowing a free selection of the president of this body. I think this is an arrogation by the government of powers which they should simply not possess and there is no good reason why they should possess them.

I liken this corporation, if it is to be divided on a one-third, one-third, one-third basis, to two tigers setting up house with a rabbit. One of the tigers is a sabre-toothed tiger and in that respect has an advantage over the other tiger because he has longer teeth. The

second tiger is an ordinary tiger and represents the telecommunications industry which probably will be fairly united in its role in this corporation because it is a national system, and the one major group outside the system, in Quebec, is knocking at the door and trying to gain entry into the club. So we have the sabre-toothed tiger—the government—the ordinary tiger—the telecommunications common carriers—and finally the rabbit representing the hundreds or perhaps thousands of Canadian citizens who will be part owners of approximately one-third of Telesat. They will be a largely unorganized group, but the rabbit will have to have a fair amount of speed to keep out of the way of the tiger with the long teeth and the tiger with the short teeth. In fact, I suggest that the way this venture is being set up the rabbit will have to have the ability and agility of Bugs Bunny and also his luck to survive this type of operation.

BUSINESS OF THE HOUSE

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, I wonder whether I could have the consent of the house to revert to motions before we rise, for the purpose of putting a procedural motion?

Mr. Deputy Speaker: Is this agreed?

Some hon. Members: Agreed.

Mr. Macdonald (Rosedale): There have been some discussions about the hours of sitting for next week and, if the house is agreeable, perhaps we should make an order somewhat along the following lines:

That in the period ending not later than June 30, 1969, the number of sitting days to be allotted to the consideration of the business of supply shall be reduced to 11;

That in the event of government orders being called on more than one day following the summer adjournment of the house, two sitting days shall be allotted in that part of the current session to the consideration of opposition motions with the proceedings thereon being subject to the provisions of Standing Order 58;

That on Tuesday, June 17, 1969, and Thursday, June 19, 1969, the house shall meet at 10 a.m., rise at 1 p.m., and resume its ordinary hours of daily sitting at 2 p.m., provided that government orders shall be taken up between 10 a.m. and 1 p.m. and that the daily routine of business shall be taken at 2 p.m. in these sittings;

That on Wednesday, June 18, 1969, the hours of sitting shall be 2 p.m. to 6 p.m. and 7 p.m. to 10 p.m.;

That on Friday, June 20, 1969, the hours of sitting shall be 11 a.m. to 1 p.m. and 2 p.m. to 6 p.m.; and

That when proceedings on any government business set down for consideration on any of the said days have been disposed of prior to the hour of adjournment provided for that day, the house shall stand adjourned until the next sitting day, except that on Tuesday and Thursday next the house shall take up the adjournment proceedings.

• (1:00 p.m.)

If there is general agreement, perhaps it should be made an order, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): As far as we are concerned, Mr. Speaker, there is the general agreement to which the minister referred. There is just one point that I should like to be sure is covered. I hesitate to speak of it because it sounds as though I am protecting the government's interest, but still one has to be fair—

An hon. Member: Somebody has to look after them.

Mr. Knowles (Winnipeg North Centre): Has the minister checked with the authorities to make sure that under this proposed order the final vote on the main estimates will be taken on the last allotted day in June? Normally one would understand that this final vote would be taken on the 13th sitting day in this semester. Having put the 12th and 13th days off until fall, has this question been taken care of? I have been studying the rules since I received this document and I can see the possibility that the point is covered, but I believe the government would want to be sure.

Mr. Macdonald (Rosedale): Yes, Mr. Speaker, the number of allotted days has been reduced to 11. The provisions of Standing Order 58 otherwise apply, although the proceedings on the estimates and the appropriation bill will take place on the 11th day rather than on the 13th according to Standing Order.

Mr. Deputy Speaker: Is it so ordered?

Some hon. Members: Agreed.

At one o'clock the house took recess.

Telesat Canada Act

AFTER RECESS

The house resumed at 2 p.m.

GOVERNMENT ORDERS

TELESAT CANADA ACT

MEASURE ESTABLISHING CORPORATION FOR TELECOMMUNICATION BY SATELLITE

The house resumed consideration of the motion of Mr. Kierans that Bill C-184, to establish a Canadian corporation for telecommunication by satellite, be read the third time and do pass.

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I confess that as a result of a combination of too much courtesy this morning and too little agility I lost the place in the order of speakers which is usually reserved for the chief spokesman for the official opposition party. Since there was before the house a government motion asking that this bill be read the third time I thought, in my courtesy, that the minister who is the sky pilot of this legislation might wish to speak first. I also wish to say, having heard the impassioned eloquence of the hon. member for York South (Mr. Lewis) in moving his amendment, that I felt the only thing I could do in my righteous indignation was to rush out of the chamber and pull my telephone from the wall and then kick to smithereens my second hand RCA Victor record player in order to show an appropriate attitude toward the vicious princes of privilege to which the hon. member so eloquently referred. Fortunately I was able to restrain myself. I still have telephone service which invariably is far better than the mail service I am getting these days.

In the many sessions of the Standing Committee on Broadcasting, Films and Assistance to the Arts we heard interesting and informative witnesses and I appreciate very much the views and special knowledge they placed before us. I also wish to say that in my opinion the chairman of the committee did an excellent job in presiding over that part of the committee's deliberations which dealt with communications. I participated only in those discussions. The witnesses before the committee broadened the knowledge of hon. members. New Vistas were opened and new information was obtained. While much was revealed, Mr. Speaker, much was not revealed and broad areas of uncertainty remain.

[Mr. Deputy Speaker.]

While the committee held many meetings and while there was an apparent impatience in some quarters that matters did not proceed with greater dispatch, it should not be forgotten that this is a major undertaking. It is one which will cost Canada many millions of dollars, far more, I fear, than currently estimated. The whole question is one which has important ramifications, both of national and international character. Therefore there is no need for any of us to feel that too much time and effort were devoted to this major, complex and important matter.

It is unfortunate that this most important and most costly project should be launched from a pad of such deep and thick ballyhoo. In the press from time to time have appeared some far-out articles, the writers of which must have been giddy as they allowed their thoughts to orbit with the satellite. Many of the minister's futuristic and glamorous skywriting orations, often given at times of darkest disarray in the Post Office Department, helped to inflate the expectations of some Canadians. References to "blanketing the north" and "giving complete coverage" as well as other inflations of expectations, have certainly clouded the picture and distorted the spectrum.

With the passage of this bill, with the establishment of Telesat Corporation, with the successful launching of the domestic satellite, very likely from a United States launching pad, there still will not be a colour television set in the domain of every remote dweller in Canada's north. Santa Claus will still not have cradle telephones in his workshops. Putting it very simply, the blanket of the north will still have some very thin spots and quite a few serviceless holes. I therefore feel I must perform a bit of dialectic surgery today, Mr. Speaker.

In the public mind reality is badly mixed with the minister's dreams. The reality ought to be separated from the puffery. Skywriting, I know, is fun. It is so much fun that one usually careful official of the Department of Communications was so uncareful as to say:

• (2:10 p.m.)

> That is why Canada was one of the first countries to become interested in communications satellites. It promised to solve all our problems.

On a slow press day, talk of newspapers in the home, telescanners, telephones in the sky, all brought by Telesat, will make the front page. It all serves to divert attention from the fact that all last week's papers, brought by

the Post Office, will probably arrive at one time, maybe tomorrow.

In the area of costs, we have an example of reality being obscured. The minister tells us in great detail that the Telesat Corporation will be paying out approximately $65 million. This is only part of the story, the whole picture must include other investments. Among those he revealed in the committee sessions which we did not know about before are $43.5 million in investment by the Canadian Broadcasting Corporation, echo suppressors at $250,000 each, rearward microwave links by carriers at unknown cost. One of the minister's officials estimated that these would cost $500,000 and another gave a more comprehensive figure of $3 million. A fairly significant disparity! I, of course, have no cadre of technical experts to draw upon but must do my best to obtain information from some of the technically and scientifically expert people not in the governmental empire. From estimates I have received I am convinced that it will cost a great deal more than $3 million for the rearward connections to overcome interference for a complete system of satellite telecommunications.

There are definite differences of opinion as to the effect of radar installations on the proper, efficient operation of the satellite system. It is hardly a military secret to indicate that there are some fairly complex pieces of equipment in the Canadian north and also in the north of the United States. There are those with technical competence who believe that it will cost dollars to make the existence of those establishments compatible with the proper operation of the satellite system.

Last April the minister told us, using his now immortal phrase, that we are buying a Volkswagen system instead of a more elaborate Cadillac system. I liked that expression, but I have the painful fear that we just might be getting the Volkswagen on Cadillac terms and Cadillac costs. These estimates, as we try to sort them out, appear to be unsure. Where in the minister's statements of costs of the TV receive-only ground stations does he include the well known principle that construction costs are as much as two and a half times greater in the north than in the south? Why did some of his best officials who have never built a TV broadcast facility underestimate by 40 per cent the figure quoted by the C.B.C. for the essential transmitting facilities? The minister I am sure regards this as an important project. He is determined to bull ahead with it. On one occasion he said that 17 launch failures will not deter him. That is interesting. I hope the minister, who is called many things, will not find himself nicknamed the father of the National Arts Centre in the sky.

In another way reality should be distinguished from myth. This project is a heavily subsidized one. Twice taxpayers are asked to subsidize it, through the minister's department and through that of the Secretary of State (Mr. Pelletier) who sometimes answers vaguely for the C.B.C. And then taxpayers who have telephones may well be asked to subsidize this system once more through higher rates, and we have had a good deal of discussion about these in the committee.

On April 14 the minister told us that four goals would be met by his Volkswagen system. The first of these goals is to bring television to the north. We have found that there is a good prospect television service will be extended to some of the north and in some other areas in the north television will be improved. In a good many areas of the north many years will pass before they will be watching Don Messer, Bonanza or any of the other old programs, to say nothing of any new ones.

The second goal, improved telephone service to the north, will be met only marginally. It would be very unfortunate if Canadians living in the north ever got the impression that when Telesat is functioning all they will have to do is ring up the nearest telephone company and it will instal a cradle phone right away. The telephone people told us some of the problems they will have. In areas of concentrated population it will come, but this is pretty well the prevailing picture at the present time. We were given figures of the extensive costs for ground stations. Figures were tossed off such as $1.3 million for telephone service alone.

The minister also spoke about the importance of television in two languages for all Canadians. Here perhaps there is an unfortunate mixture of myth and reality. The minister spoke about the new era commencing. We all want an extension of services in both languages across the country, but where are the details? Will Vancouver have a very high frequency French language station? Is Calgary to have such a station? What are the details?

What has to be done to extend the use of French language television outside central Canada? From C.B.C. testimony, it is clear that the same goal could be obtained through existing technology. I think it is passing

strange to hear this minister speak of fostering French language and culture outside of central Canada. Last month he was on a television program. He was there under the gun for ever-increasing postal rates. The minister knows what happened to some French language publications which had circulated outside the province of Quebec. *L'Évangeline* of Moncton, in a province that is about 40 per cent French, by the minister's own admission is in serious difficulty because of higher postal rates. It will be in more difficulty when the rates go higher as new stages of imposition are reached.

There was reference to *Le Devoir*, that great journal of thought and opinion which brings to areas outside of Quebec the thinking of very independent and very able editorial writers. It is strange that this minister holds out such glowing terms of promise of French language television while at the same time he takes away the reality of the expression of French language periodicals.

• (2:20 p.m.)

His fourth goal—he did not go as far as Presbyterians usually do; he only went to four—establishment of a second and supplementary service to the existing east-west microwave network, is going to be a very important development. On this I only offer the following excerpt from the evidence given to the committee by Mr. Krupski of the Trans-Canada Telephone System, a group who are now on much better terms with the minister than they seemed to be several weeks ago:

> The advantages of a satellite system for east-west telecommunications will also be marginal. The existing east-west telecommunications systems are sufficiently ample and diverse to meet all present requirements and are capable of being readily expanded, as needed, to cover the requirements for at least ten years at low incremental cost.

That is another one of the big four. Now I must point out some very important omissions. This bill, full of detail as it is in many matters, makes no reference to regulation by statute or by law. I am not so concerned about the extent to which the government is involved in this project. I do not share the fears of some of the members of the N.D.P. The government is there. The minister is there. But parliament is not there. Regulations clearly set out in the statute applicable to this organization and to all bodies in telecommunications—that is what is missing and that is what should be there. In the white paper it was forecast that it would be there. Page 60 of the white paper reads:

> The regulation of a satellite communications system will have to be related intimately with the regulation of terrestrial communications. This is necessary, because of the need to share common radio frequency bands, to avoid wasteful duplication of facilities, and to interconnect all facilities into national and global networks. The regulations must, of course, also provide for communications systems which do not use radio frequencies, for example, cables. There is therefore increasing urgency to develop comprehensive regulatory legislation on telecommunications.
>
> In view of these facts, the government is already inquiring into new legislation which will ensure the comprehensive regulation of telecommunication services, both terrestrial and satellite.

That was the white paper. The date of the white paper was March 28—not 1969 but 1968. Now we are told of a task force, or is it a study group, which is just getting under way. We have had explained to us the establishment of the intradepartmental committee. Apparently only those in the Communications Department are going to be studying this matter, although the question is much broader and covers more than one department. But this group, in comfortable privacy, will be considering the theory which should underpin the regulation of telecommunications.

The minister is very cool and calm about it. It gives him greater ease than smoking, as suggested by the hon. member for York South. He thinks that in three or four years time we should be able to work something out. Mr. Speaker, we are launching a multimillion dollar project and we are told that some time in the future, a few years ahead, we will get around to having regulatory legislation brought forward and passed.

There are many things we have been asking about in recent months. When the Bergeron or Whitehead mission left last fall for a grand tour of Europe we got the impression that it was going to learn many things and tell many things. We have asked many times for its report. Where is it? Was the mission successful?

What is happpening in the negotiations with the C.B.C.? When will we know the price to be charged for the C.B.C.'s three channels? Again we ask, what about the discussions with the provinces, especially the province of Quebec which has made certain moves and studies and has made contacts

with other countries in reference to this matter? On May 28 the Prime Minister of Quebec told his National Assembly:

> As far as Canada is concerned, it appears that they are ready to put some channels at the disposal of Quebec . . . This is all subject to negotiation as to the character, the form, of Quebec's participation. These are all subject to negotiation.

We hope the minister will tell us something about these negotiations. But perhaps more important than anything else I have said before on this whole question is the great lacuna in so far as parliamentary control is concerned. When the minister was asked whether the report of the Telesat Corporation would be subject to parliamentary scrutiny, and be examined by the Standing Committee on Public Accounts his reply in committee on April 22 was:

> I would doubt that very much. I stand to be corrected on it, but I think it would be tabled in the house for information. Obviously members could raise questions on it, but could not conduct an examination of it as it is not a Crown corporation.

Later on he said:

> Right now I would say, no, but I would like to reserve my answer to that question so I can discuss with my officers all the implications in it. Would that destroy the independent status of the corporation? That is what I would want to assure myself of.

The lack of parliamentary control is a very important matter. There are many questions to be asked.

There is also the question of the location of the stations, how many ground stations there will be, and how much they will cost. When we asked where they would be nobody could tell us. How you can count them and cost them without locating them I do not know.

We look forward to the minister taking us into his confidence in regard to the contracts. He told us on May 20, speaking in the modern jargon which he likes so well:

> A critical path, leading to the construction of the satellite itself and its launching, demands that initial contracts for the satellite be given in early May or June.

In effect he said that although the bill is not through one chamber in this parliament, let alone two, and has not received royal assent, these contracts must be initialled in May or June.

Who is receiving the contracts? Has the minister been successful in guaranteeing Canadian content? We would like to know these important things. There is much backpatting about the technological nationalism of this project. When we used to say, "What about purchasing an American made bird, which would be cheaper and would probably give better service" we were told, "Canada's independence is worth something." But I wonder about some of the companies to be involved in the building of the Canadian satellite. Will they not be, or some of them, fully owned subsidiaries of U.S. firms? Who will do the launching? And I ask a bit rhetorically, I must confess, are all of the common carriers listed in Schedule A living in a world of virginal detachment from U.S. big business?

So much for the technological and idealogical purity of the minister's nationalism in this regard. The bill itself is something less than a fascinating piece of literature. It does not grab one all that dramatically, but it does provide for the government of Canada in one clause to put up $30 million, and in another clause to make a loan up to $40 million, and that is not exactly peanuts even in the *Bonaventure* era. It is not peanuts in an age when a government can be very sensitive in certain other fields, when a government and a minister can close up a post office with the snap of a finger if it runs behind by a few hundred dollars, when a government can say that even though the P.E.I. causeway would be self-amortizing in a very short time, this is not the time to go into such ventures. In a time of belt-tightening, again I say that sums of $30 million and $40 million are not exactly peanuts.

My hon. friend from Halifax has mentioned the board of directors, perhaps the most pusillanimous board of directors in the history of corporate law. They cannot even elect their own president without government approval. The bill is laden with assertions of ministerial or governmental sovereignty and authority, and so I am not worrying about the role of the government or the minister. He will be in there. But there are many other implications in this bill, and especially in the developments which will follow.

• (2:30 p.m.)

Some Canadians perhaps are leery that a man who, to use the kindest expression I can think of, has had an unspectacular career in running the Post Office, should now move into an orbit so much vaster. There is a little quiver of concern, I suppose, when one reflects on the postal zoning fiasco in Canada's major cities, the demise of publications and the disarray of mail service generally. I am prepared to say that the current estimates of

the cost of the satellite system which have been bandied about in the last few weeks and months will soon become as obsolete and useless as the five cent stamp. I have no hesitation in predicting that the $65 million figure will go down in history as the most conservative estimate ever made by a Liberal minister, and there have been some dandies in that category. Why would there not be, because after all the Minister of Finance (Mr. Benson) is a colleague of the Postmaster General and he knows how to do things.

My friend, the hon. member for Cochrane (Mr. Stewart), put a price tag of $200 million on this project before it is through. I do not know how precise his calculations are, but I am inclined to think that history will reveal him to be a little better at computing what the future holds for the taxpayers than some of the members sitting on the front benches of his own party.

Having expressed my genuine concern, my anxiety and my continuing desire to have more information on the matter and less bunkum, I can still say I believe I am speaking for the people of Canada and certainly for this party when I say we realize we are now on course, that the measure will become law, and we wish well for those involved in this very important development. We can only hope that all will be well. We hope that the success of the Alouette and ISIS program, rather than the failures of the Post Office, will set the tone for the future of Telesat and other aspects of communications. This is our hope and wish. The scientific communities in this country have done well. We can take pride in their achievements. I believe we all want to encourage technological and industrial innovation and want Canada, if I may use the expression, to maintain a place in the scientific sun. We want all Canadians to get the best service they can in communications, and we in this party even include the written word in communications and would like that to go through as well.

So we of this party do not intend in any way to delay or retard the passage of this measure. We think it might be a good thing if the minister had this bill out of the way so that he might get back to minding the store in the Post Office and perhaps diminish a bit the disarray his previous actions have done so much to encourage. So I say that despite the eloquence of the mover of the amendment I cannot support it. I think there is plenty of the government and plenty of the minister in this measure now. And as I say, as the minister grows wiser and sadder and accepts some of the changes I have suggested and brings in some improvements in the next few years through decent regulatory legislation, I hope the measure will fly better than we anticipate. We wish him well and want Telesat to succeed now that the decision has been taken.

[Mr. Macquarrie.]

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, on April 15 last, the day after the Postmaster General and Minister of Communications (Mr. Kierans) made his speech introducing the motion on second reading of Bill C-184 designed to establish a Crown corporation to be called Telesat Canada, I made a speech in which I dealt especially with the cultural and legal aspects of the setting up of that corporation.

I am still nonplussed, while waiting for the answers to the six specific questions I then put to the minister, about the establishment of the Telesat corporation, more especially in connection with the strategic and extremely important situation of the other Canadian majority, namely that of Quebec.

Mr. Speaker, we are still waiting for the answer to those questions, not for political purposes, but in order to know the minister's and the government's thinking on Telesat, particularly because of Quebec's position.

We would not want the Telesat corporation to become a source of conflict for Canadians.

I had put the following question: Will the system be bilingual? The minister nods assent, and we would like the bill to provide some guarantee with regard to bilingualism.

I know that the minister answered partially to that question during consideration in committee. At that stage, he gave an eloquent testimony, on which I congratulate him. I was told so, and I read about it, but even if the minister said in the committee that bilingualism will be enforced by Telesat with regard to broadcasting, that is not a written guarantee.

Anyone who is familiar with the history of Canada knows that several things, which were written in the British North America Act, have not been respected.

I wonder how things that are unwritten, that were only mentioned by the minister, will be respected in the future. That is why we would like the minister to consider this request seriously, to amend the bill, to show goodwill, he who was once a Quebec minister, and give such a guarantee to all French-speaking Canadians, because the whole

Canadian people are affected by this bill, so that the network reflects truly the image of a Canada which everyone wants, a bilingual Canada, at the very moment when we are in the process of passing the bill on official languages.

• (2:40 p.m.)

Mr. Speaker, I feel this is a significant point, and we can no longer be satisfied with words. We must put in the act specific guaranties with regard to bilingualism, otherwise it will only be another hope or dream, but not a reality. How can we be sure that Telesat will truly respect bilingualism? In fact, parliament cannot efficiently control the various Crown corporations, whether they be departmental, agency or proprietary corporations.

The only protection Parliament may secure in regard to Crown corporations is to provide in the act for the protection of bilingualism we want to be recognized by Crown corporations.

Mr. Speaker, I should like to draw the minister's attention to the five other questions, in order that he may give the house the assurance that those questions will actually be answered. To avoid taking up the time of the house, I should like to refer the minister to page 7521 of *Hansard* for April 15, 1968, where appear the six questions I asked, in the hope that at the end of this debate on third reading, he will enlighten us.

I ask the minister to reconsider those questions, because after reading his evidence before the committee, I feel we do not have any assurance. And much less so, after getting the following answer to question No. 658 I put on the order paper, and I quote:

> 1. Has an application for a broadcasting licence by a provincial government or its agents ever been rejected and, if so, when and with respect to what applications and on what grounds?

The answer was as follows:

> 1. No. The policy of the government, as stated in the House of Commons on May 3, 1946,

Obviously, there is need in this connection for adjustment and updating—

> —is still in effect that since broadcasting is the sole responsibility of the federal government, broadcasting licences shall not be issued to other governments or corporations owned by other governments.

This means that the policy in effect since 1946 not only compels the provinces to participate in Telesat and to accept it, but also prevents them from having their own system.

So, if the minister does not answer my questions, it means that he approves of te 1946 policy and thus gives the federal government the right to interfere in the field of education. That is an infringement of the constitutional rights of the provinces which can only intensify the constitutional conflicts at the very time when an attempt is being made to review and revise our constitution.

In addition, the answer stated as follows:

> The task force is to study all aspects of this subject in order to assist the government in fulfilling its undertaking to facilitate the development of adequate broadcasting facilities to meet provincial requirements for the transmission of educational programmes. The Task Force will undertake a variety of specific assignments—

—and this is the point I am trying to make—

> —and is not asked to produce a comprehensive report.

On the basis of that question which is directly related to the subject under discussion and which also concerns the provinces, the federal government appoints task forces that study the reports of other committees and nothing gets done that way. But as the representatives of the people we cannot obtain a copy of the findings of those so-called experts.

This is why we cannot determine if the minister is sincere when he says that this system will respect bilingualism, the provinces' stand and privileges.

I think that is a basic question. I do not want to turn this into a storm in a tea-cup, but I would merely ask the minister, when he brings the debate to an end—at least we hope so—to enlighten us and dispel the doubts which the Canadian people might still have.

Finally, Mr. Speaker, I would have some very short comments to make which could be summarized as follows: When we read Bill C-184 now under consideration, we are entitled to ask ourselves certain administrative questions.

In what group under the Financial Administration Act 1952, Revised Statutes of Canada, chapter 116, would Telesat be classified? This is a legal matter which is not specified in Bill C-184. There is no such provision in the legislation. I think this is a legal mistake and omission that can be fatal.

There are departmental, agency and proprietary Crown corporations. The Corporation's status is not defined in the legislation.

I remember that in his initial speech, the minister merely pointed out that the legal

status of the corporation was very complex. Mr. Speaker, it would certainly be appropriate for the minister and his experts to study this matter more closely and tell us what kind of Crown corporation it is, because it is not defined in the bill. In other words, will the corporation come under the Financial Administration Act? In the affirmative, parliament would have absolutely no control over Telesat even if it contributed to its financing, and this would be extremely serious.

I should like to deal with the audit of financial operations. How will it be conducted? By the Auditor General of Canada?

Clause 37 of Bill C-184 mentions an auditor. Who will he be? That is a most important question and we hope the minister will not fail to give us a reply to that.

Who is to appoint that auditor? The Auditor General of Canada? The only thing we are sure of is that an auditor is mentioned in clause 37 of Bill C-184. In other words, if the wording of this legislation is compared with that of similar acts organizing and establishing Crown corporations, it appears that the Auditor General will not have anything to say.

Would it not be useful if the Auditor General of Canada, who as everybody knows is an official of parliament, the man designated by parliament to audit the financial activities of the Crown Corporations and the departments, a wonderful instrument for hon. members who wish to know the good and bad features of all the administrations, were to audit the books of Telesat? It means that the government wants to reserve itself the right to appoint one of its dear little friends to audit the books of that Corporation.

Mr. Speaker, is any favouritism contemplated through the appointment of friends of the Liberal party as auditors of the Corporation? That is exactly what happens as far as the C.N.R. is concerned.

The same situation prevails insofar as Air Canada is concerned. In my office, I have documents dealing with that subject. I had put some questions in that connection. I could show all hon. members that in the acts establishing the C.N.R. and Air Canada, only one auditor was mentioned.

As a matter of fact, the Auditor General has never managed to audit the books of those two corporations, and hon. members will recognize that they are two important corporations. Telesat will also be among the most important corporations.

[Mr. Fortin.]

• (2:50 p.m.)

On several occasions, the committee on public accounts recommended that the Auditor General of Canada be appointed to audit the financial operations of all Crown corporations. According to this bill, it is possible that they will be friends of the government instead of officials designated by parliament, or in other words by the Auditor General. The Auditor General of Canada himself said, in a number of annual reports presented to this house, that he was willing to audit those books.

Mr. Speaker, no one says anything against these proposals and the same game will continue, they will nominate a party supporter, a lawyer or an accountant from Montreal or Toronto, who will audit the books at a cost of thousands of dollars, and parliament will have to be satisfied with information that government supporters will allow to transpire.

When the minister tells us that the government and the public are both shareholders and that they can both participate in the financing and administraton of the corporation, it goes without saying that parliament and the public we represent should be able to appoint an accountant to audit the books of this public corporation which Telesat Canada will be.

Scandals like the ones which happen every year at the C.N.R. and Air Canada would have to be avoided. When I speak of "scandal", it is obvious that I simply refer to bad administration within those companies.

Will the situation with regard to Telesat Canada be the same as that of Panarctic Oils Limited, in the sense that no information can be obtained?

Mr. Speaker, like other hon. members, I put a series of questions on Panarctic Oils Limited because I was interested in the management of Crown corporations, including that one. I received only evasive answers which amounted to nothing at all. I received no information on those corporations which do not even issue an annual report. That is quite strange when parliament boasts of exerting parliamentary control.

Telesat Canada will have exactly the same legal status as Panarctic Oils Limited, so that if the situation is not clarified, it will not have to make an annual report, even if such a provision is written in the act.

I can see the minister rising in a moment to say: "The hon. member for Lotbinière is

wrong, because such clause of the Act provides for the tabling of an annual report. I should like to refer him to the Act under which the Panarctic Oils Company Limited has been incorporated. He will find himself that it is impossible to see any mention of an annual report by this corporation.

Mr. Speaker, it is not enough to have laws; the Auditor General of Canada should audit public accounts to give the house a report on the management of these corporations because they are financed by the government and private enterprise.

Those are the brief remarks I wanted to make at this point of the debate and before closing I should like to remind the house that I vigourously oppose the motion moved by our hon. colleagues from the New Democratic party which intends to give the government the majority of shares in Telesat Company of Canada—and not a third as provided for in the present act—in order to make of Telesat Canada a Crown Corporation.

I ask my colleagues of the N.D.P. to think about that. When one considers the question of corporations, one finds that the most efficient ones are not those that are nationalized.

I should also like to remind my colleagues of the N.D.P. that, at the present time, parliament has no control over Crown corporations.

My colleagues from the New Democratic party, who are precisely the great champions of parliamentary control, made a mistake when they introduced this motion, as they say the opposite of what they have been doing so spiritedly since the beginning of this session, namely to call on the government to account for what it is doing, and I wish to commend them for that. But by presenting a motion to nationalize one area of the industry, like Telesat Canada, they enable the government to take away from parliament the control it could have.

One needs only to look at Hydro-Quebec, in the province of Quebec, or at the other corporations that were nationalized through expropriation or under a legislative measure, to realize that the members have no more say, that they cannot criticize any more except in public. This means that there is absolutely nothing we can do.

As a Créditiste, I believe in private enterprise. Now, on account of the importance of this project and since Telesat pertains to the communication field from one ocean to another, the government must have its say, since it must represent all the Canadian people from coast to coast.

Another good thing about this corporation is that the public can share in its financing. Therefore, since the war, the government, through its crown corporations policy, has shown more and more of a trend towards corporations of that type, financed by means of three sources of capital: the government, the public and the private sector.

And the trend—it is irreversible—is more and more towards that, because nationalized enterprises are unable to administer themselves properly and to provide an adequate service. On the other hand, the public does not have access to them. The trend is therefore irreversible, and it allows parliament to exercise a bit more control.

Naturally, everything will depend on the attitude of the minister in this regard, and the replies he will give us. However, we believe in private enterprise and we are happy that Telesat should be the object of legislation in this session, because communications between Canadians from sea to sea must be improved as soon as possible. Those who live in remote regions, the Northwest Territories and other areas, for instance, must have the same cultural, educational and other facilities as Canadians in other areas, and in this connection I wish to congratulate the minister.

In closing I should like to ask him to answer the question I put to him a while ago, not by playing politics but by giving us specific answers and assuring us that the unfortunate situation that exists in the case of Panarctic Oil Ltd, will not recur when Telesat Canada is created.

[*English*]

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): Mr. Speaker, I am now in a position to give the house a few points of information. Hon. members have raised some points relative to costs, contracts and to the actual launching of Telesat. As I informed hon. members during the committee stage of the bill, discussions have been going on with United States authorities to secure agreement on the necessary launching arrangements. Our objective has been to secure the most efficient and cheapest launching services. For this reason we have never at any time dreamed of encouraging the government to enter into or search for a launching capability of its own; this could easily lead us

into expenditures of some $800 million without any assurance of success.

I am able to say that these discussions with the United States have been satisfactorily completed by an agreement in principle. The necessary technical details will be agreed upon later. I would like to read to hon. members the text of a public statement which has been agreed to by both governments:

Discussions have recently taken place between Canadian and United States authorities concerning launching services required by Canada to place a Canadian communications satellite in synchronous orbit in 1971. The satellite would be used to provide a domestic communications system for Canada, plans for the establishment of which were announced by the Canadian government in the White Paper of April 1, 1968. The U.S. government has indicated that it would be willing to provide the necessary launching services on a cost reimbursable basis pursuant to appropriate arrangements. The Canadian government will be taking appropriate steps in Intelsat to ensure technical compatibility between the Canadian and Intelsat systems and in the ITU in accordance with ITU agreements.

This agreement in principle, which I welcome as evidence of Canada-U.S. co-operation in the vital field of space communications, will enable officials of the two governments to proceed with the necessary, detailed, technical and financial discussions. I would refer to a phrase used by the hon. member for Hillsborough (Mr. Macquarrie), "critical path", and say that we are trying to be on target. I do not share the hon. member's pessimism about the cost of this project. Those concerned with the project have worked very closely together, and I am confident that the cost will be less than the $65 million which has been mentioned.

I have today instructed officials of the Department of Communications to open negotiations with RCA Victor Limited of Canada on the procurement contract for Canada's domestic communications satellite. Provided these negotiations result in satisfactory price, quality and performance schedule terms a formal contract will be awarded to RCA Victor. At the same time, similar negotiations have been initiated with Northern Electric Limited for construction of the communications transponder of the spacecraft. Upon conclusion of these negotiations the contract with RCA Victor would include a direction to award the transponder subcontract to Northern Electric.

• (3:00 p.m.)

These two Canadian firms will thus be responsible for the main elements of the planned domestic communications satellite, the cost of which is estimated at $25 million to $30 million, exclusive of launcher.

Both RCA Victor and Northern Electric are leaders in the fields of space and telecommunications. It is my information that all of RCA Victor International's expertise in spacecraft telecommunications resides here in Canada. RCA Victor was the manufacturer of Canada's Alouette II and ISIS I scientific research satellites, as well as of the Mill Village, Nova Scotia, ground receiving station built for Canadian Overseas Telecommunications Corporation. Northern Electric, which maintains the largest research establishment in Canada's communications industry, is currently building transponders for one of the Instelsat IV series of communications satellites.

The award of the principal communications satellite contracts will bring significant development both to Canada's communications industry and to our scientific community. Subcontracts and supplies will be sought among other Canadian firms as well as among companies in the United States and in Europe. Our object is to secure as high a Canadian content as possible, provided the price is right.

RCA Victor would operate as the contractor responsible to Telesat Canada, the tripartite government-private industry-public corporation authority, the creation of which is currently being considered by parliament. The actual construction contracts will be awarded by the corporation.

We have been through an extensive and thorough analysis of the project, both on second reading and particularly in the committee stage. I have learned a great deal about the value of committees during those sessions, and I believe I have replied openly and frankly to the majority of the questions that were raised here again. Most of them we have already dealt with in the committee.

I cannot possibly accept the amendment proposed by the members of the New Democratic Party and I request that it be rejected.

Mr. McCleave: May I ask the minister a question? Would he outline the proposed division in the issuance of shares? This was a point on which the hon. member for York South (Mr. Lewis) and I were at variance in our understanding of it. It might help us if the minister could clarify the point before we come to a vote.

Mr. Kierans: I have used different figures at different times.

Mr. Lewis: Hear, hear.

Mr. Kierans: I have said that a possible division of the shares could be one-third owned by the government, one-third by the public and one-third by the common carrier, but this is still to be worked out. On other occasions I have said that the division could be 30, 30, 40. This is a matter for bargaining and for arrangement at the time of the actual launching of the corporation.

Mr. Lewis: Both the hon. member and I were right.

Mr. Gilbert: Mr. Speaker, the minister has advised us that the main contract for the construction of the telecommunications satellite system has now been awarded to RCA Victor. I should like to ask the minister this question: Since RCA Victor is a Canadian subsidiary of a U.S. company, what precaution has been taken to protect Canadian citizens with regard to patent rights? My understanding is that the patents to the satellite system, to the component parts, and so forth, are taken out by the parent company in the United States. Canadians should have protection with regard to these patent rights. I should like to hear the minister comment on that aspect.

Mr. Kierans: Telesat Canada would retain sole world rights to each patentable invention but it could conceivably enter into licensing agreements with its contractors, in which case royalties would accrue to the corporation. This matter also will be subject to negotiations and will be covered in a section in all the procurement contracts. But we certainly intend to look after Canadian interests to the fullest extent. I may say that we have a tremendous back-up capability in all the Canadian scientists, engineers and technicians who have worked at one time for my colleague, the Minister of National Defence (Mr. Cadieux) in the defence research telecommunications establishment and have now been transferred to the Department of Communications. This gives us tremendous management and indeed scientific leverage.

Mr. Lewis: Hear, hear.

Mr. Perrault: I have a question for the minister. The minister made reference to two Canadian companies, RCA Victor and Northern Electric. I hope the minister can give us some assurance that competent Canadian electronics companies in other parts of the country will be given a fair chance to bid on the satellite and its components and the ground stations. I do not want to see all of this industrial enterprise concentrated in central Canada.

Mr. Kierans: I think I can give the hon. member some assurance in this regard. We know of the capability in Vancouver.

Mr. Deputy Speaker: Is the house ready for the question?

[*Translation*]

Mr. Fortin (Lotbinière): Mr. Speaker, I would like to ask a question of the Postmaster General and Minister of Communications.

Can he tell us if the auditor, as it is mentioned in section 37 of the said legislation, will be the Auditor General of Canada?

Mr. Kierans: No. An auditor will be appointed. The directors of the corporation will appoint an auditor and every year a balance sheet will be tabled in the house which will study and criticize it, if necessary.

Mr. Fortin: I wish to ask a supplementary question, Mr. Speaker.

In view of the fact that in the case of Panarctic Oils Limited, the report is tabled but not handed to hon. members, can the minister assure us that this annual report will be tabled and handed to all hon. members since it is not the Auditor General of Canada who will audit it?

[*English*]

Mr. Deputy Speaker: Order, please. Before recognizing the minister may I point out to the house that it is an unusual procedure to allow an extended question period at the third reading stage. I will allow the minister to answer this question but following his answer I should like to put the question to the house.

[*Translation*]

Mr. Kierans: Mr. Speaker, I will urge directors of Telesat to see to it that a balance sheet is tabled each year.

[*English*]

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the said amendment? All those in favour of the said amendment will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Division

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The house divided on the amendment (Mr. Lewis) which was negatived on the following division:

• (3:10 p.m.)

YEAS

Messrs:

Brewin
Burton
Gilbert
Harding
Knowles (Winnipeg North Centre)
Lewis
MacInnis (Mrs.)
Mather
Rose
Saltsman
Winch—11.

NAYS

Messrs:

Alexander
Alkenbrack
Allmand
Anderson
Andras
Badanai
Baldwin
Basford
Beaudoin
Béchard
Benson
Borrie
Boulanger
Breau
Cadieux (Labelle)
Cantin
Carter
Chappell
Clermont
Code
Comeau
Crouse
Cullen
Cyr
Deachman
Diefenbaker
Drury
Forget
Forrestall
Fortin
Foster
Francis
Gray
Hales
Harkness
Hogarth
Honey
Howard (Okanagan Boundary)
Isabelle
Kaplan
Kierans
Lachance
Lambert (Edmonton West)
Lang
Laniel
Laprise
Latulippe
Lefebvre
Legault
Lessard (LaSalle)
Lundrigan
Macdonald (Rosedale)
MacLean
Macquarrie
McCleave
McGrath
McIntosh
Marchand (Kamloops-Cariboo)
Mazankowski
Mongrain
Morison
Munro
Murphy
Noël
Nowlan
Osler
Paproski
Pelletier
Penner
Pepin
Perrault
Pilon
Prud'homme
Roberts
Rodrigue
Simpson
Stafford
Stanfield
Stewart (Cochrane)
Stewart (Okanagan-Kootenay)
St. Pierre
Trudel
Turner (London East)
Wahn
Walker
Watson
Weatherhead
Whelan
Woolliams
Yanakis—90.

During the taking of the vote:

[Mr. Deputy Speaker.]

• (3:20 p.m.)

Mr. Speaker: Order, please. I must bring to the attention of hon. members that it is highly irregular for hon. members to come into the house after the roll call has been commenced.

After the taking of the vote:

• (3:30 p.m.)

Mr. Speaker: I declare the amendment lost. The question is now on the main motion. Is it the pleasure of the house to adopt the said motion?

Some hon. Members: On division.

Motion agreed to and bill read the third time and passed.

NATIONAL HOUSING ACT, 1954

AMENDMENTS CLARIFYING DEFINITIONS AND DEALING WITH THE INTEREST RATE ON INSURED LOANS, AND OTHER MATTERS—REPORT STAGE

The house proceeded to the consideration of Bill C-192, to amend the National Housing Act, 1954, as reported (without amendment) from the Standing Committee on Health, Welfare and Social Affairs.

Mr. John Gilbert (Broadview) moved:

That Bill C-192, an act to amend the National Housing Act, 1954, be amended by deleting clause 2.

He said: Mr. Speaker, when I spoke on second reading of Bill C-192 I said that the bill in general represented a slap in the face to most Canadians and, in particular, clause 2 of the bill represented government capitulation or total surrender to the financial institutions of Canada. I would like to review the reasons for stating that this is a total surrender to the financial institutions of Canada.

Prior to the introduction of this bill, an Order in Council was passed by cabinet permitting approved lenders to draw government approved and insured mortgages for a period of five years rather than let them have the ordinary course of 25 or 30 years, depending on the payment period. One of the features with regard to these mortgages in the past is that they were for a long term and contained the privilege of repayment, 10 per cent of the total principal after the first year, 10 per cent after the second year, and after the third year all or any of the principal amount of the mortgage could be paid by paying three month's interest by way of a bonus.

The first step was the Order in Council by the government removing the long term with

regard to these mortgages and permitting these companies to draw five-year mortgages. The second step is contained in clause 2 of the bill. It frees the fixing of the interest rate according to the government formula. I would refresh the memories of hon. members by saying that in the past the formula was determined by the quarterly average on long term Canadian bonds and added to that was 2¼ per cent. This fixed the rate for N.H.A. mortgages with regard to approved lenders.

The government is now taking the step of capitulation to the financial institutions by giving them carte blanche with regard to the interest rates to be charged on N.H.A. mortgages. Outside the house the Minister of Finance (Mr. Benson) called interest rates at this time outrageous. We in the New Democratic party add that they are unconscionable and usurious. In fact, the rates being charged today are criminal.

The prime rate for mortgages now stands at 9½ per cent and the present N.H.A. rate is 9⅜. If this bill is not passed by July 1, the rate will be approximately 9⅞ per cent. When you take that into account with regard to present N.H.A. mortgages and appreciate the fact conventional mortgages are usually 1 per cent higher, you can appreciate that Canadians will be paying between 10 and 11 per cent on conventional mortgages in the near future. Is it any wonder, with the prime bank rate in the United States at 8½ per cent and the prime bank rate in Canada at 8 per cent, that the chairman of the congressional committee on banking in the United States said that this amounts to a conspiracy by the financial institutions with regard to the charging of interest rates?

I would feel much happier if we had received some assurance from the minister in charge of housing that we would have a steady flow of mortgage moneys, because he knows as well as I do that mortgage moneys in Canada are not dependent on a flow of capital from the United States. The minister also knows that at this time there is more of an outflow of capital to the United States than an inflow of United States capital into Canada. It cannot be said that mortgages rates in Canada are determined by the flow of money from the United States into Canada.

When this bill came before committee the minister had to be reminded that as of the end of May the life insurance companies were down approximately 20 per cent in their investments in mortgages for housing in Canada. Central Mortgage and Housing Corporation as of the end of May was down 57 per cent compared with last year with regard to their investment in housing in Canada. This raises the obvious question, who requested the freeing of the interest rate as contained in clause 2 of this bill? Surely it was not the people who borrow the money or the mortgagers. The only conclusion Canadians can arrive at is that it is the financial institutions of Canada that have twisted the arm of the Minister without Portfolio (Mr. Andras) in charge of housing and his cabinet colleagues to agree to the freeing of interest rates.

Interest increases have been the largest single factor for placing home ownership beyond the reach of many low income Canadians. They have made home ownership impossible for Canadians in the lower income bracket. As was said in the report of the task force on housing, a rise of 1 per cent in the mortgage interest rate adds $9 a month on the monthly payment of a $15,000, 25-year mortgage. It raises the total amortization costs by more than $2,800 during the life of the mortgage. An increase of 2 per cent in the interest rate on a $15,000, 25-year mortgage increases the monthly payment by $19 a month and the total extra cost over the amortization period is $5,700. Here is a more striking example with regard to what interest rates do to the cost of housing: On a $20,000 mortgage at 9 per cent to be amortized over a period of 40 years, it will cost $151.75 a month to carry and at the end of 40 years the borrower will have paid $72,840. For that same amount of $20,000 at 10 per cent, and one can rest assured interest rates will be a minimum of 10 per cent, over a 40-year period the borrower will pay the sum of $79,996.80. Is it any wonder that this is one of the highest cost factors in the cost of housing?

• (3:40 p.m.)

When the minister appeared before the committee he was reminded of the imbalance in the type of housing units we now have in Canada. The hon. member for Trinity (Mr. Hellyer), when he was in charge of housing, told the committee on estimates that there was a serious imbalance in the types of homes being built today. In fact he indicated that 85,000 homes fall within the single residential category, and 111,000 are of the apartment type. This is the first time in Canadian history that we have had such a serious imbalance.

The minister was also reminded that less than 1 per cent of Canada's housing stock consists of public housing, or roughly 40,000

units. Last year no more than 10,000 such units were built, despite the recommendation by the Canadian Welfare Council that the minimum number of public housing units that should be built this year should be between 20,000 and 30,000. We have no indication from the minister of the number of units of this type that he would like to see built. It was disappointing when the minister told me and other members of the committee that he had made no allocation, with respect to the moneys directed to C.M.H.C., with regard to public housing, urban renewal and so forth. We are now in the middle of June and still no allocation has been made with regard to the moneys granted to C.M.H.C.

The minister was reminded that one of the ways to fight the high cost of housing is to impose a ceiling of 4 per cent on interest rates with regard to homes to be owned by people with incomes of less than $6,500 per year. I have received no assurance from him that he is going to take action in this critical area concerning these people in the lower income groups. In fact he has given no assurance with regard to the bringing down or rolling back of interest rates. This is the reason I have moved that clause 2 be deleted from the bill. We could then revert to the formula in the old act whereby the interest rate on government long-term bonds calculated quarterly is used as the basis and 2¼ per cent is added to it to arrive at the cost of money for housing mortgages. I appreciate that this would probably mean mortgages of between 9 per cent and 10 per cent. But if the minister would show some courage and display compassion to the Canadian people he would impose a 4 per cent ceiling on interest rates for mortgages sought by people with incomes less than $6,500 per year, and he would work out another formula with regard to interest rates for people above the $6,500 level.

I am rather proud that the Leader of the Opposition (Mr. Stanfield) has on many occasions been bold and direct in his criticism of the government with regard to the lifting of the present formula. In effect he has said that it would be disastrous to lift this formula. It is very nice to know that we have the support of a man of courage and compassion such as the Leader of the Opposition. It is almost a damnable shame that we can put men on the moon, spend millions of dollars on satellites, yet cannot provide decent, clean housing for Canadians at reasonable cost. It is for this reason I move the deletion of clause 2 from the bill.

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, the amendment presented by the hon. member who has just spoken and a similar amendment presented by myself in exactly the same words—and that by coincidence—to exactly the same purpose—and that is not coincidence—arrived within a few minutes of each other at the Table one day. Perhaps because I am a little farther down the corridor than my hon. friend my amendment arrived in second place, and rather than put Your Honour in the invidious position of having to do a King Solomon in judgment it was decided he would move and I would second his amendment, and the disposition of his amendment would dispose of both amendments. I think that was a reasonable course to take.

Dealing with interest rates I would point out there have been three stages in interest rates relating to national housing. At first they were fixed by statute. In the second stage the formula was varied so that, as my hon. friend has explained, the rate on long-term government borrowings was taken and 2¼ per cent was added thereto. That was an adjustable interest rate, fixed a certain number of times a year. Finally, there is the proposal in the legislation before us this afternoon to free interest rates from control and allow them find their own level.

The task force on housing headed by the former minister dealt with interest rates on pages 28 and 29 of its report, as noted by my hon. friend. I think this is worth emphasizing again, and I quote directly from the record:

> A rise of one percentage point in interest rates adds more than $9 to the monthly payment on a $15,000 25-year mortgage, raising its total amortization cost by more than $2,800. A two percentage point increase in the same mortgage raises the monthly payment some $19 and the total cost over 25 years by about $5,700. These are hardly insignificant amounts. Nor do they tell the whole story. Developers and builders operate on credit, too. When their cost of money, short or long-term, is high, they have no alternative but to reflect this increasing cost in higher prices for their product.

So there is a multiplying effect in what higher interest rates can do. The task force goes on to say there are no simple solutions in dealing with interest rates, and one has to concede that. But then the task force, with this in mind, says categorically at the bottom of page 28 of its report:

> Mortgage interest rates must come down.

Then there is the recommendation which has found its way into this legislation, and I quote:

To ensure a more continuous and even flow of mortgage funds and in the hope the N.H.A. rate might well decline, the task force therefore recommends that:

The interest rate for insured loans under the National Housing Act be freed to find its own level in the financial market place.

I suggest that the key words there are "in the hope" and "might well decline." There is certainly a hope that they might decline but I think it is a very fanciful hope.

A few years ago we dealt with the Bank Act and the formula for interest rates contained therein. The proposal brought before us removed the 6 per cent interest rate ceiling on loans made by chartered banks. This was to allow them to compete with the non-bank finance intermediaries and also to allow those rates to find their own level in the marketplace. The late hon. member for Nanaimo-Cowichan-The Islands asked during that debate, as recorded at page 8419 of *Hansard* for October 6, 1966:

Do I take it from that, that the minister anticipates that if restraints were taken off immediately, there would immediately be a dislocating jump in interest rates?

The then minister of finance, who is now cultivating the junior Chinese diplomatic community in Europe, replied:

• (3:50 p.m.)

Mr. Speaker, I said that I felt there would be apprehension on this score.

That was the strongest quotation we could find in recent years in our research dealing with the removal of the ceiling on interest rates. I repeat again what the Minister of Finance said:

Mr. Speaker, I said that I felt there would be apprehension on this score.

Since the ceiling was removed we know what has happened to bank interest rates. We have received some pretty rude reminders in the last few days of what can happen to interest rates.

The hon. member for Broadview was good enough to compliment my leader, the Leader of the Official Opposition, who would have liked to take part in the vote that it is expected will take place on this amendment. Unfortunately he has to attend a political convention of some considerable dramatic import in the province of New Brunswick. I should like to quote what the Leader of the Opposition said in the house on June 2 this year as reported in *Hansard* at page 9339 with regard to the very problem with which we are dealing this afternoon. He said:

What government having at heart the best interests of the Canadian householder would seriously consider at this time removing the interest ceiling on C.M.H.C. mortgages and abolishing the maximum differential permitted between long term government of Canada interest rates and the maximum that may be received with respect to mortgages? I am referring to government guaranteed loans in connection with housing. What government thinking of the ordinary Canadian would consider doing this when we see increasing indications that money is to be in short supply and that there is to be competition for available dollars? There is every indication that interest rates will rise further.

That prophecy has certainly been realized and in a remarkable short period of time.

Indeed, rates have been rising so steadily that one can take increased rates almost for granted. Our expectations in this regard are fortified by predictions.

I know that orthodox finance is in favour of taking off the ceiling. I say that orthodox finance is not always right. If the government takes the position it is necessary to remove the ceiling in order to get more money into housing, that at least is an honest position, although it would probably result in people paying higher interest rates. But for the government of Canada to put forward this proposal and seriously suggest at this time, in view of the current and anticipated conditions in the money markets, that removing the interest ceiling will lower interest rates on C.M.H.C. loans is pure folly. If the government cannot do something to help poor Canadians, for goodness sake do not make things worse.

Those were the words of the Leader of the Opposition. I think everyone who is concerned about the effect of what we are being asked to do by this legislation will take those words very seriously indeed.

I should like to make two points with regard to interest rates. First, they have not generally been up to the maximum ceiling permitted in the formula that has been in effect for the last two years or so. They have been a bit below, so there has been some dampening effect, I suggest, in having such a formula in use.

The second point I wish to make is that these loans are insured so that a large element of the risk is thereby automatically dissipated for the mortgage lender. He cannot possibly lose by investing his money in mortgages under the housing scheme covered by National Housing Act mortgages. So I suggest there is a great deal of difference between taking money and investing it in the housing field and investing it even in the common stocks of Canadian commercial companies. I

think there is a big difference indeed. It is the principle of insured loans and the almost negligible risk which I think is important and one the government is losing sight of in bringing in this measure at this time.

Finally, sir, there is the cost factor involved. I suggest that 40-year mortgages with interest rates the way they are now place people in an almost impossible financial quandary. This places a terrible financial burden on the backs of the people which they will carry from the time they enter the housing market, say at the age of 20 or 25 years, until they retire at the age of 60 or 65 years. That is a full working lifetime in which they will have to carry the tremendous burden of high interest and mortgage costs. I suggest there must be people who are clever enough to devise a formula. There are certainly people around who have heart and who would want a formula to be devised and who would agree that housing is one of the necessities of life.

I believe we should have a housing program and a philosophy that will ensure that our young people can become a part of it when they start out initially. I say "initially" because the term appeals to me. If a person wishes to wander from house to house like a nomad taking part in speculative enterprises that is one thing, but the person who wants to have decent shelter should not be saddled with ferocious costs involving a second mortgage with rates anywhere from 16 per cent to 24 per cent. I suggest that it is a social necessity to give young people a break in this country. I do not think I am exaggerating the situation in any way. We are exaggerating it by the formula the minister suggests to us in this bill.

The fact is that 80 per cent of the people of Canada want to own their own single family homes. It is also a fact that the number of single family starts in relation to all housing construction has declined steadily. One could almost say that 80 per cent of the people could not under any circumstances now own a single family dwelling. That is the pity; that is the tragedy. That is the reason this amendment comes before the house this afternoon and is going to be supported.

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

[Mr. McCleave.]

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, there have been some intensive negotiations in various parts of the house concerning private members' hour. I should like to give some indication of what I think has been agreed to. Perhaps I might refer to page 33 of the order paper. The first order of business is in the name of the hon. member for Okanagan-Kootenay (Mr. Stewart). My colleague has agreed to let that item stand for the moment on the understanding that it will be dealt with within this private members' hour to finality. Nos. 2 to 5 would come next in successive order. It has also been agreed, notwithstanding the provisions of Standing Order 75(3), that the report stage of item No. 3, Bill S-30, should be taken at this sitting. It is also understood, notwithstanding the provisions of Standing Order 74(2), that after second reading items No. 4 and No. 5, Bill S-22 and Bill S-18, will not be referred to the standing committee but will be considered in committee of the whole.

If I have reflected accurately the agreement, perhaps this could be made an order of the house in respect of private members' hour.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, the remarks of the minister are an accurate statement of the agreement that has been reached.

Mr. Speaker: Hon. members have heard the proposition explained by the President of the Privy Council. Is it so ordered?

Some hon. Members: Agreed.

• (4:00 p.m.)

PRIVATE BILLS

NOVA SCOTIA SAVINGS AND LOAN COMPANY—REPORT STAGE

Mr. Robert McCleave (Halifax-East Hants) moved that Bill S-34, respecting the Nova Scotia Savings and Loan Company, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs, be concurred in.

Motion (for concurrence) agreed to.

Mr. McCleave moved that the bill be read the third time and do pass.

Motion agreed to, bill read the third time and passed.

PERTH MUTUAL FIRE INSURANCE COMPANY—REPORT STAGE

Mr. D. Gordon Blair (Grenville-Carleton) moved that Bill S-30, respecting the Perth Mutual Fire Insurance Company, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs, be concurred in.

Motion (for concurrence) agreed to.

Mr. Blair moved that the bill be read the third time and do pass.

Motion agreed to, bill read the third time and passed.

GILLESPIE MORTGAGE CORPORATION

The house resumed from Thursday, February 27, consideration of the motion of Mr. Hogarth that Bill S-22, respecting Gillespie Mortgage Corporation, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Knowles (Winnipeg North Centre): Shouldn't this have been moved by an hon. member who is here?

Mr. Speaker: This motion was moved originally by another member.

Mr. Knowles (Winnipeg North Centre): Touché.

Mr. Speaker: In accordance with a special order passed earlier this day, this bill will now be considered in the committee of the whole.

Motion agreed to, bill read the second time, and by special agreement considered in Committee of the Whole, reported, read the third time and passed.

CANADIAN ORDER OF FORESTERS

The house resumed from Friday 28, consideration of the motion of Mr. Chappell that Bill S-18, respecting the Canadian Order of Foresters, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Motion agreed to, bill read the second time and by special agreement considered in committee of the Whole, reported, read the third time and passed.

CANADIAN PACIFIC RAILWAY COMPANY—REPORT STAGE

Mr. Douglas Stewart (Okanagan-Kootenay) moved that Bill S-31, respecting Canadian Pacific Railway Company, as reported (without amendment) from the Standing Committee on Transport and Communications, be concurred in.

Motion (for concurrence) agreed to.

Mr. Stewart (Okanagan-Kootenay) moved that the bill be read the third time and do pass.

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, I should like to take this opportunity to make a few remarks about Bill S-31. This bill is really enabling legislation for the C.P.R. to construct rail access to the C.P.R. empire in southeastern British Columbia for the purpose of providing transportation services to companies mining coal in that area.

It is no secret that many wildlife conservationalists, and those people concerned with pollution in the province of British Columbia, have expressed strenuous reservations about the devastation to the landscape and the ecological upset that strip mining operations of this kind will cause.

This particular bill provides for transportation service for just that portion—a vast area in this region—which has been marked for exploitation by those interested in the strip mining of coal. I think it is important to record here just how extensive this area is. An area of some 80 square miles is already under lease from the province of British Columbia, that is licences have already been granted to three separate coal companies. This amounts to 50,000 acres so far, and there probably is more to come once we pass this rail line extension legislation. Fifty thousand acres of mountains and the best wildlife habitat in British Columbia will be destroyed forever in the name of industrial progress and the gross national product. A fifty thousand acre area for hunting, recreation and tourism now risk erosion and the exposure of the substrata, which will carry pollution and harmful substances into the nearest creek.

• (4:10 p.m.)

What will be done with the product mined in this region? I think this is an important question which we have to examine. It will, of course, be shipped through the Roberts Bank super port in its raw state, to serve the industrial demands of the secondary industries of Japan. British Columbia will continue its historical pattern of dependence upon an extraction industry and primary industrial base, like some northern banana republic, exporting our resources and extending

secondary industrial employment opportunities to some other country. What will the province of British Columbia receive for all this ravage? As I understand it, the royalties amount to 50 cents per acre, whereas Kentucky, which has had 50 years experience with these kinds of coal company depredations, charges $25 per acre. Because of its history and unhappy experience with King Coal, Kentucky has developed much more stringent state mining legislation than that which the province of British Columbia has enacted.

I am well aware that any person or group attempting to place a higher value on wildlife and landscape conservation than on an industrial operation of this magnitude will be considered either a sentimentalist or a kook. I am aware, too, that if you live in that region and need a job, you need it right now and not in the future. This area has been in desperate economic straits for years. Many of the people living there welcome these new developments because they will provide an economic transfusion and improve local employment prospects.

I think the attitude in the area is something like this: The people say, "We've been poor long enough. Lord, we don't need another mountain, and to hell with a few elk; let's move them somewhere else". I can appreciate how they feel. But in any of these major developments does anybody ever think of instituting ecological cost-benefit studies so that the public can be assured that it is to everyone's long term advantage to proceed; or do we always, on the contrary, rush to obtain the fast buck and leave the future to take care of itself?

I would like for a moment to ask a few questions about clause 3 of the bill which deals with the Fraser Valley or Roberts Bank end of the line. Hon. members will recall that last fall when we attempted to gain information from the then Minister of Transport regarding the rail routes through the Fraser Valley to serve the new super port, we were informed that since this new line was internal to British Columbia and the national railways not involved, there was no federal interest in the matter.

I think the lower mainland members particularly will also recall that the municipalities through which the line was to pass were picked off one by one and kept in the dark about the precise route until it was too late to do anything about it. It must also be said that because of the aggressive stand taken by the Lower Mainland Regional Planning Board to the Roberts Bank route, the planning board itself—probably the best in Canada—became the first victim of this new rail line. It was chopped into four pieces so that it would become less troublesome to the provincial government, even though the board was itself a creature of that government. When it became time to evaluate a particular rail line as opposed to planning in the lower Fraser Valley, the rail line won and the planning board was out. Clause 3 of the bill provides as follows:

The company—

That is Canadian Pacific Railway.

—upon such terms and conditions as are agreed upon by the directors of the respective companies, may enter into an agreement to purchase an interest in and may operate its trains over such lines of railway as the British Columbia Hydro and Power Authority may construct in the province of British Columbia.

After being assured last fall that there was no national railway interest in this line, suddenly, through the back door so to speak of Bill S-31, we find that at least one national railway has a very real interest in the line, because the bill uses the words "purchase an interest in". There may be nothing very sinister in this, Mr. Speaker, but Canadians have a right to be cynical about the activities of Canadian Pacific Railway. I think it is fair to say that all railways operating in the lower mainland of British Columbia have an understandable desire to be assured access to the super port. There are two rail lines other than the C.P.R. and the hydro railway operating in this region.

Clause 3 may mean that the C.P.R. is going to finance the new Hydro extensions in return for lower running rights charges. This may be sensible financing on the part of the provincial government. On the other hand, we do not know at this point how much interest in the line they intend to purchase. In spite of all our efforts in the committee, we were unable to obtain this information. If it were 10 per cent or 25 per cent, no one would be particularly concerned; but if it is 51 per cent, which would represent a controlling interest, I think everyone has a right to be concerned because it then becomes a federal matter. What are the terms of this so-called agreement which is to be negotiated? In our committee hearings we were unable to ascertain anything at all in this respect. This is our major concern; we wonder what equity the C.P.R. will have, and whether they will have a controlling interest. I believe all hon.

members have a right to know the answers to these questions, because Bill S-31 is the enabling legislation in this regard and through its provisions Canadian Pacific will be able to at least purchase an interest in the hydro railway.

Having said all these things, Mr. Speaker, it would be a very simple matter for members of this party, or any other for that matter, to talk this bill out today or on subsequent days. We could do all kinds of unpleasant things to the bill in order to delay its passage. We could cause all kinds of trouble to the companies involved, including the possible loss of coal contracts. However, we shall not do this.

The responsibility for the leases, the strip mining, the erosion, the loss of wildlife, tourists, and the rail lines rests squarely on the shoulders of the provincial government. It must be emphasized that resources, as members of the house know, are strictly a provincial matter. They are fully the responsibility of the province, and theirs alone. We are not going to be manoeuvred into a position of employing what is really just a delaying tactic—it could be described as a rearguard action—with regard to this enabling legislation which will provide access to leases already signed by the provincial government. I think that it is enough that we point out the possible inherent dangers and ultimate costs. It is enough that we tell the people of British Columbia, through this house, who is directing the show. If the citizens of British Columbia find that this is not what they want in terms of their environmental future, I believe they will know exactly who to blame and how to express their dissatisfaction at the appropriate time at the appropriate ballot box.

• (4:20 p.m.)

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I would like to speak briefly on this bill. The hon. member for Fraser Valley West (Mr. Rose) has covered most of the points with which I would have dealt. First of all, I should like to draw attention to clause 3 of the bill. It is a matter of concern to me that we were not allowed to raise this issue in the house because it was not a federal matter pertaining to the railway system. Now, we find that once the B.C. hydro has built part of this rail line to Roberts Bank, the C.P.R. will be able to purchase part of it. Certainly, this information must have been available several months ago when this issue was before the house. I feel that members of this house should have had an opportunity to discuss this issue at that time. However, I am not going to say much more about it. I think the hon. member for Fraser Valley West has covered this point rather adequately.

I should like to deal with one or two other clauses of the bill, one of them dealing with the 34 mile railway spur which is to be built up the Elk River and the Fording River. I think we are in a rather awkward position. I believe that a great amount of questioning research would have had to be done on it had it come before the provincial legislature. Here, in Ottawa, we find that provincial governments let mineral and timber leases, and then when access is required by a rail line or perhaps some company wishes to build a road on land that is leased—in this case it is a rail line—the matter comes under our jurisdiction. I think that the provincial governments owe it to the people under their jurisdiction to make certain that when leases are granted, they are granted in the best interests of the people of the province. Nobody can convince me that a royalty of 50 cents per acre of coal land is a good return to the general public. Mind you, there are other indirect returns from the economic development of these resources which we do not take into consideration at this time. The hon. member quoted the difference between the royalties paid in this area and some that had been paid in the United States, and there is absolutely no comparison.

These old leases were let many years ago by the provincial authorities, and they have nothing to do with this house. Unfortunately, we are not in a position to go to the provincial government and demand that a better return be made to the general public because these mistakes were made many years ago.

Again, we are in a very awkward position here. There is no doubt in my mind that this strip mining venture will pollute both the Elk and the Fording rivers. However, the pollution of these rivers is a provincial responsibility and can and should be stopped by the provincial authorities. This is the awkward position in which we find ourselves when we consider this bill.

There is one more thing I should like to say. It seems to me that when we have a number of very fine areas with good coal resources it does not make too much sense to jump all over the country making a start on half a dozen mines. If there were proper development of the present coal resources, we could cut down pollution to the minimum.

Again, I will point out to the sponsors of the bill that this is a provincial responsibility.

There is one point that I would like to make before concluding my remarks. It seems to me that it can apply both federally and provincially. It is really a challenge to wise resource management and it should be applied in this area. Possibly some assistance should be given by the federal authorities with regard to wise resource management in the Elk and Fording river area because the waters from these rivers flow into the Kootenay River and eventually end up in the Columbia which, of course, is an international river and as such comes under the jurisdiction of the federal authorities.

I agree with my colleague that a committee or a major task force should be set up to evaluate the feasibility of reclamation in south eastern British Columbia and to consider the effects of surface mining techniques, including erosion, acid water production, sediment production, slides, highwalls, and the feasibility of revegetation. I think there should be a joint study, federal and provincial, in this regard. It could be a good guideline for projects which no doubt will be started in other parts of Canada at a later date.

I think that a special study should also be initiated—again by both the federal and provincial authorities—to consider the effects of surface mining on fish, wildlife, plants and aquatic insects, and that funds and staff be provided for this project immediately. I also believe that this study should include the effects on the Libby reservoir of sedimentation and pollution from the mining operations in the Elk Valley. There is no reason why the federal and provincial governments should not have a joint study of the two aspects which I outlined briefly.

There is just one more thing I would like to say before sitting down. We realize, especially in this area, the need for economic development. Jobs will be provided by the opening up of areas such as this. But again I want to point out that the responsibility for proper protective measures must come mainly from the provincial authorities. The responsibility for a proper return to the provincial purse must fall upon the provincial authorities.

I should like to conclude by saying that we will let this bill pass, and I trust that organizations in British Columbia will use all the persuasive powers they have to make certain that the companies involved, and the provincial government especially, live up to the strip mining regulations recently laid down by the province of British Columbia. I trust that the people in the area will be satisfied with the results.

[Mr. Harding.]

The Acting Speaker (Mr. Béchard): Is it the pleasure of the house to adopt the said motion?

Mr. Knowles (Winnipeg North Centre): On division.

Motion agreed to, bill read the third time and passed.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. So that those of us who are here might understand the situation, could it now be made clear that, according to the orders we have agreed to, we shall now sit until 6.31½ p.m.?

The Acting Speaker (Mr. Béchard): Until 6.32 p.m.; is this agreed?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

NATIONAL HOUSING ACT, 1954

AMENDMENTS CLARIFYING DEFINITIONS AND DEALING WITH THE INTEREST RATE ON INSURED LOANS, AND OTHER MATTERS—REPORT STAGE

The house resumed consideration of Bill C-192, to amend the National Housing Act 1954, as reported (without amendment) from the Standing Committee on Health, Welfare and Social Affairs.

Mr. John Gilbert (Broadview) moved:

—that Bill C-192, to amend the National Housing Act, 1954, be amended by deleting clause 2.

• (4:30 p.m.)

[*Translation*]

Mr. Henry Latulippe (Compton): Mr. Speaker, since we are resuming consideration of Bill C-192 on the National Housing Act, and more specifically of the rather similar amendments which have been moved, I will say now that we will certainly support them because it is a matter of helping those in need of housing.

Mr. Speaker, we will never do enough in the area of housing for that is one of the most important factors for the development and growth of the human being and of the family.

Human beings have to be protected and, therefore, must live in decent housing.

In our society we have everything necessary to build houses, to give our families suitable dwellings.

This bill is a severe setback since the already sky-high ceiling on interest rates has been lifted.

It seems to me that big finance is left free to do as it pleases. It was believed in the past that the removal of ceilings would bring about competition between financiers and that interest rates would fall in the process.

We saw what happened when we amended the Bank of Canada Act and the Chartered Banks Act. We were asked to get rid of the ceiling on interest rates, and almost all Liberal, Progressive Conservative and New Democratic members of parliament agreed at that time, saying that upping the interest ceiling was a logical course of action since rates would decrease as a result of greater competition.

But what happened was quite the opposite. We fought with all our might. We raised every possible objection, but the interest rates continued to climb. In fact, all financiers have increased the interest rates, thus reducing the purchasing power of citizens, raising the cost of living, causing inflation and further annoying all Canadian citizens.

As far as housing is concerned, it is illogical to abolish the ceiling on interest rates, because I think it should not go over 3 per cent. Here, in this house, we should adopt a rule, since it is one of the most important factors, in order to give the individual what he needs and what he is entitled to, his dwelling, his property, a home port, if you want. The Canadian citizens must be in a position to return to their home port as often as they wish. This is where the family recuperates. It is there also that the head of the family or those in charge of the family recover their courage and their drive to be able to work, to build, to raise a family properly and to do their personal and civic duties.

If we do not have that, we will prevent the development of the Canadian family and of the individuals.

Mr. Speaker, what is being done now in the field of housing, I ask you? Legislation is brought in to develop that sector, it is claimed, when it is only to help the damned finance, if you will pardon the expression, Mr. Speaker. Big finance is being helped, not the people when such legislation is introduced. People, human beings and the family are exploited. The Liberals accept this exploitation of the family through such stupid legislation and through offensive, cruel, stupid and even criminal regulations.

Here is what I read recently in a newspaper, and I quote:

> You buy a $24,000 house? Then, you can boast of having purchased a $84,000 house rather than a $24,000 one. Yes, because with a $20,000 mortgage over 30 years at 9⅜ per cent, you will have paid as much as $60,000 in interest in thirty years. And so your house will cost you $84,000.

If someone buys that house and gives $4,000 cash, then a $24,000 house costs $60,000 in interest, at 9⅜ per cent. When the rate of interest is 11 and 12 per cent, and the loan is to be repaid over 40 years, interest charges go up to $110,000 or $120,000 for a $24,000 house.

• (4:40 p.m.)

Does that make any sense to you, Liberal members? Are those laws and regulations really meant to help and protect human beings or that damned finance? That is what you are working for. That is what you are doing. Those are the great regulations you offer the people but they will not forget.

People have the right to live and Canadian citizens have the right to adequate housing, since construction materials exist, engineers are available and the unemployed are ready and willing to build houses. It is because we do not have the necessary money, because credit is limited, and because we refuse to lend one red cent if it does not yield 10, 12, 15, 24 per cent in interest; thus, big finance is protected at the expense of the taxpayers, of those in need of a roof over their head.

In a logical economy a Canadian citizen who wants to build a house should be able to pay it in ten years. Such a house should not cost more than $10,000 for an ordinary worker; yet it costs $18,000 to $25,000 at the present time. There is swindling everywhere, not only with regard to the cost of building materials but also with regard to taxes levied by the government on those building materials. A lot is said about those taxes, but they are not abolished.

Canadians are encouraged to build houses by being told: Instead of lending you $15,000 or $18,000, we will lend you $25,000 and we will extend the repayment term to 40 years. We have never seen such a catastrophic situation as far as housing is concerned, and the government has the nerve to tell the Canadian people that they help the humble folk, that

they improve the legislation to help the poor to improve their lot, to help them to build decent houses, when nobody will be able to build one, except those to whom finance will advance money, because they earn $15,000, $18,000 or $20,000 a year. In a little while, even those who earn such a salary will be unable to get a suitable house for themselves.

Therefore, some improvements should be made. The Liberals will not do it, because they are too devoted to partisanship and not one of them will denounce the dreadful things attributable to big finance. There are several Progressive Conservatives who would also be reluctant to do so.

We have been elected by the people to administer its property and to give it protection. Only 10 per cent of the population are represented by the big financiers who control credit. Then, instead of taking the side of the population which represents 90 per cent of those who elected you, you prefer to go along with the 10 per cent that is exploiting the people. That is what the Liberals are doing. That is the direction they have taken so far, and it is under such conditions that the Liberals have governed the country up to the present time.

There will certainly be an end to this, perhaps a tragic end, but I shall not be responsible because I have done my duty. If you did the same, we could perhaps avoid such difficulties or avoid the dreadful things that are coming.

Canadians are living in a free country, yet, building materials are not being put to use and nothing is done about the unemployed. No effort is being made to adopt proper regulations and laws and to find the required techniques to build houses at a low cost. Nothing at all is done about all those things. The only thing that is being done is getting organized so that costs may be as high as possible, so that financial institutions may make as much money as possible. To hell with families! To hell with children! To hell with society! That is the goal you are after, you of the Liberal party, with this housing legislation.

Things cannot go on like that forever and the end may come sooner than you think.

I ask you to take your responsibilities as I take my own, and to condemn such a terrible situation.

I do not like to say such things. I do not like to hurt other citizens who are as honest as I am, and who would like also to live in a more perfect and more humane society. It hurts me to tell them that. Many among you entertain a spritit as humanitarian as mine but you do not have the intestinal fortitude to do what I am doing.

Every elected member should work in that frame of mind and we should organize the economic realities to make them more practicable, more human, so as to provide for all possible opportunities in a country such as Canada, with its tremendous wealth, where the increasing population is entitled to the benefits of technology, science and progress.

The people are entitled to all those things and that is why we should work and combine our efforts to that end so that a just society may prevail. If we worked to that effect we could say that we are doing something and we could commend you instead of blaming you. We are blaming you because what you are doing does not make sense.

Mr. Speaker, I would have a lot more to add but, in closing, I thank you and once more I ask those who still have some conscience left to get hold of themselves and to do everything which is humanly possible in order to improve the situation and to provide for the appropriate and normal development of our Canadian family through technical and scientific progress and everything else we can make available to it.

[*English*]

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I will try to be brief. I do not think I can be as fiery as the previous speaker was. I have always taken the position that when we are elected to this house we represent first Canada, then our province, then our constituency. I hope I may be excused for talking about Calgary this afternoon but there are certain matters I should like to bring to the attention of the house.

At the present time we are considering an amendment to Bill C-192, clause 2 of which has to do with the removing of the ceiling on interest rates. The amendment seeks to delete that clause and to protect the people of Canada who wish to purchase homes. In this country it has been difficult for people to obtain money for down payments and mortgages. It might be well to consider for a moment what has been done in the United States. In that country, when citizens need money for any purpose they set up a special type of corporation and various citizens subscribe varying amounts of money towards that corporation. A ceiling of $10,000 or $20,000 is often set

with respect to amounts being invested. Citizens of Canada could set up similar corporations. I submit that interest earned from money invested in such corporations should not be subject to income tax. The money put into such corporations would earn a reasonable rate of interest and the people who are shareholders of the corporations could, within a reasonable time, accumulate quite a large chunk of money which could be used for house building or any other good purpose. It would be a case of average people helping average people. That is one way to solve our housing crisis. The Minister of Industry, Trade and Commerce (Mr. Pepin) was good enough to listen to my suggestion with respect to grain. I hope the government will also consider the suggestions I have been making in my remarks, since our people need all the help they can get in solving the housing crisis.

I wish to deal with a second matter that affects Calgary. Since the second world war the city of Calgary has been developing at a rapid pace. It has a population of almost 400,000 people now, if one includes the suburbs. At the outbreak of war, the population of the city was between 60,000 and 70,000 people. Its growth has been brought about as a result of affluence over a long period of time in our agricultural, ranching and petroleum industries. Also, secondary industries which have sprung up in this city have helped to increase its pace of development. Many of those secondary industries depend on the primary industries which originally brought about the expansion of the area. It should be noted, Mr. Speaker, that four hon. members of this house represent ridings that are closely related to the city of Calgary. We have the hon. member for Calgary Centre (Mr. Harkness), who is our senior member; I represent the constituency of Calgary North; a Liberal hon. member represents the riding of Calgary South (Mr. Mahoney) and, of course, we have the hon. member for Palliser (Mr. Schumacher). We four represent the city of Calgary here.

• (4:50 p.m.)

We must ask ourselves one question at this time, Mr. Speaker. Why should the city of Calgary be brought before the bar of this house and tried for being too successful. This course reminds me of a criminal being brought before the bar of justice and told, you are guilty. The city of Calgary is guilty because it has been successful. It has developed into a fine industrious city. The people are basically average people and fairly affluent. The city has its pockets of poverty, like any other urban city, and has its rich. Some credit must be given to governments at all levels for stimulating the industries to which I am referring.

This government talks about changing the constitution. I never knew the constitution of Canada or any new constitution would be such that it would make an exception of any selected area which had been able to become successful through its initiative and ability to create. This is what is being done with Calgary, Toronto and other urban centres. The government stated it was making a certain kind of budget to apply to those areas which will affect housing, interest rates and, in fact, the whole economy. The government states this budgetary provision will apply to one area of Canada and not another.

By amending the constitution and using the budget, the government has stated the city of Calgary will now come under a different financial law than some of its neighbours. Let us take a look at how ridiculous this system is. I will use a practical example such as a bank building. The decision to build a bank building in the city of Calgary does not result from the deferment of depreciation for two years on a building to be built in Pictou county where they do not require that kind of building. Under this system of selectivity, the government has changed the constitution and the whole economic tone of the city. I would have thought that would have been sufficient. That was the first crack we received last week from this government of the just society.

I would have thought the hon. member for Calgary South (Mr. Mahoney) would have been pretty upset with that one piece of bad news. What has the government done now? The minister responsible for housing is in the house and he can deny the information I have. I wish the hon. member for Calgary South were here at this moment. He is away on official business and is absent for no other reason. By not being here, he is probably doing a better job than I am doing at this moment. Maybe it is better that he is not here because it is difficult for a government backbencher to get up in this house and attack the government. That can only be done in caucus. The only trouble with that procedure is it is like winking at pretty girls you never see. Unless what you are doing gets back to your constituents, they do not know that you are working. However, that is politics.

Let's take a look at what the government has done to housing in Calgary. I received a very long wire from the city council. They are worried about both these matters. I have also received a wire from the chamber of commerce. The minister said part of the news release that went out was true and part was untrue. I know what the minister is doing. He is delaying the cancellation of the need for urban development in the city of Calgary until we go home June 27. When the house is closed, he will then make the announcement, just as the government did with respect to NATO. He thinks that once he plays a trick on the opposition, he can try a new one tomorrow.

Everyone is wondering how much more western Canada can take from the government. It almost appears as though this government is trying to see that never again is a Liberal elected in western Canada. I agree with that. It is the only part of the government's policy that is worth while. I quote from the news release:

> Usually reliable sources here say that the federal minister responsible for housing, Robert Andras, has decided to turn thumbs down on all urban renewal projects across Canada except four—at the most five.

I received a copy of this Scott report from Calgary.

> From what I can gather, there's one in the west, at Ladner near Vancouver; two in Ontario, one of them Sault Ste. Marie, and one on the east coast, St. John's, Newfoundland—a fifth may get last minute approval.

This is what the report says. These are not my words.

> But it is certain that Pat Mahoney, the only government M.P. from Calgary, was given the bad news a few days ago.

This does not mean he is the only member but he is the only one who was given the bad news a few days ago.

> The mayor of Drumheller was here seeing the housing minister, Mr. Andras, on Monday, and he apparently learned that the urban renewal project for Newcastle and Nacmine will remain in the freeze along with the whole of east Calgary. Sources say the government feels large and largely commercial renewal projects are just too expensive for municipalities at today's interest rates; Ottawa wants to put its money into low rental housing and condominium housing projects, not commercial redevelopment. The urban renewal limbo will be in effect for at least two years. The government is springing the long awaited announcement on Canada's municipalities at the end of the first week in July after M.P.'s have returned home or headed out on vacation. The urban renewal cancellation comes as a second blow to western cities in the midst of a building boom: the first being the Benson budget which defers depreciation for two years on all commercial development in Calgary and Edmonton.

I don't know how much more socialistic than that you can get, and I say that in a philosophical sense. The government is trying to say this provision will equalize things. What this system means is that since there are pockets of poverty throughout this country and a lack of development for one reason or another, the government is going to start implementing laws through the budget affecting housing production in order to give people the opportunity to live in dignity. It intends to reduce to a poverty level cities such as Calgary and Toronto, some of the best areas in Canada. This is what the Liberal party is doing. They do not want success in the whole nation. They feel Calgary is too successful.

The pay-off came when I asked the Minister of Finance (Mr. Benson) a question. This is the best answer that has ever been given since Mackenzie King said there would not be one five cent piece for unemployment. Either the minister did not understand my question or he was being brutally frank about reducing certain areas to poverty. I want to make sure this is on the record. The question I asked on June 4 appears at page 9729 of *Hansard*. It reads:

> Mr. Speaker, I wish to direct a question to the Minister of Finance. The question is serious and arises out of the budget. Is the government giving any consideration to the economic fact that the budgetary measures in regard to the deferral of capital cost allowances will slow development in Toronto, Calgary, Edmonton and Vancouver, and in particular increase unemployment in those areas, as well as rents that are already high?

I said this would cause unemployment in Calgary because the skilled and unskilled men, 30 per cent of our labour force, are now engaged in the building of comercial buildings. These have now been hit by the Benson budget through deferred depreciation. Who will put their money into these projects if depreciation is not allowed?

An hon. Member: You can transfer to housing.

Mr. Woolliams: Do you think for one moment that Home Oils having a development in the north and wanting to erect a building from which to operate their new development will say to the government they will cut out the development in the Arctic and cancel the building?

I will now read the answer I received from the Minister of Finance:

Mr. Speaker, the effect stated by my hon. friend was the exact purpose of this budgetary measure,—

In other words I asked, will it increase unemployment? The minister said that was the exact purpose. That is even better than Mackenzie King's statement that there would not be one five cent piece for unemployment.

The Minister stated:

Mr. Speaker, the effect stated by my hon. friend was the exact purpose of this budgetary measure, namely to slow down construction—that is, commercial construction, not industrial construction such as homes, needed roads and so on—

• (5:00 p.m.)

In other words, he says we have done this to Calgary, Toronto, to Hamilton and to Vancouver. Surely, this is a change in the constitution. Parliament never approved it. Apparently the government amended the constitution through a budget. The government has called the city of Calgary to the bar because it was successful in its development, and has told it, "You must be poor like the other cities."

The government's policy should have been designed to help those areas that are pulling themselves up by their bootstraps. If members of the government got off their so-and-so's and got wheat to markets there would be money available for housing at a reasonable rate of interest. If the government stopped allowing the United States to tell Canada, "You must cut back your oil exports," then trade between the United States and Canada would be balanced. We would have more money for housing at a reasonable rate of interest. That is the kind of progress that would breed success. Then, if the government wanted to pour money into other areas that need it for other kinds of development, that would be another kettle of fish and should be done. I appreciate that certain parts of the country are more affluent than others because of their proximity to resources and other factors. But the Liberal policy with respect to those cities that are successful seems to be, "We are going to drive your skilled and unskilled men out of work and make you as poor as the rest of Canada."

I think I owe it to my city to get up in this chamber on a Friday afternoon, even though there are not many members present, and say these things when speaking on this bill. I say that this government policy is destroying the nation. Certainly, members of the government have a mandate, but this should not mean they are going to carry out policies that were never promised to the people. The Prime Minister (Mr. Trudeau) said he promised nothing. He delivered nothing. Now, he is going on to destroy those areas that have prosperity.

In his address to the Convocation of the University of Alberta, the Premier of Alberta dealt with this matter when he pointed out that there are pockets of poverty and pockets of affluence in the province. He pointed out that Alberta has an image of great prosperity but, like every other province, Alberta has its economic problems. Taking the image of prosperity, the federal government sat in judgment on the city of Calgary.

How the hon. member for Calgary South (Mr. Mahoney) can endorse the government is beyond my understanding. I am not criticizing him because I know he must stand up in caucus and complain about it. I can say the same thing with respect to the two ministers without Portfolio, the one from Saskatoon (Mr. Lang) and the one from Winnipeg (Mr. Richardson). It is no wonder that the one from Winnipeg says western Canada may separate. The people out there are fed up with the government, and are annoyed with this constitutional change made without reference to the law. The minister shakes his head. Let him stand up in his place and say that Calgary will get its urban renewal scheme as requested, and also the city of Drumheller. If he does so, I will have lived up to my responsibility by influencing one cabinet minister into action.

Hon. Robert K. Andras (Minister without Portfolio): Mr. Speaker, in rising to speak on the amendment before us, I wish to say at the outset that I have considerable sympathy with the feelings and the depth of concern expressed and inherent in the amendment itself. Having said this, I have to add that from all I have heard nothing would suggest that the restoration of the ceiling on interest rates could do other than inhibit the flow of funds into the residential mortgage market, which is the thing we want to avoid at this time.

There has been a suggestion that we should restore the interest ceiling on mortgage funds to a level of 2¼ per cent above the long-term government bond yield, adjusted every quarter. As I say, if we restored an interest ceiling at this time it would have the effect of inhibiting the flow of funds into the residential mortgage market.

To the hon. members who propose the action inherent in the amendment I suggest that in order to make it stick, or make it valid, they would have to go into a much more comprehensive form of control of the economy than this type of "ad hocery" would suggest. In other words, funds going into the residential mortgage market will be meeting investment competition from other sectors, and to make the residential mortgage market competitive with other forms of investment they would have to go so far as to consider controls on the yields of such other investments. This would inevitably lead to what the Minister of Finance (Mr. Benson) has indicated would be a closed economy, and we would inevitably have to face up to the possibility of controlling and pegging wages, prices and profits. That would be a totally restricted economy, and I do not think anyone is ready to take that kind of action at this time.

I also believe that in order to assure the flow of mortgage funds into the residential market under a controlled ceiling we would have to go even further than what I have suggested. We would have to look into arbitrary legislation to control and regulate the amount of funds that the various lenders would have to put in, to make sure these were adequate, under a fixed rate of interest.

But even if these things worked in Canada, in spite of the fact that the hon. member for Broadview (Mr. Gilbert) says that international monetary matters and interest rates really do not affect the mortgage market in this country, I really do not think we could stand in isolation from the kind of events that are distressingly taking place elsewhere in the world. We are all aware of the increased interest rates in the United States. We are all aware of the turmoil in which European money markets find themselves. Just the other day the daily rate for Euro dollars went as high as 12⅛ per cent. All this has a bearing on our own situation in Canada. We just cannot exist in isolation from other countries.

• (5:10 p.m.)

As I say, although I am in total sympathy with the concern expressed about high interest rates, I doubt very much if the method suggested by hon. members opposite would supply a cure. There is another particular reason that I would be very concerned to see this amendment passed, based on my theory that it would inhibit the flow of money into the residential mortgage market. I indicated in my statement on second reading

that I want to allocate more of the C.M.H.C. capital budget to low income housing than has been the case previously. I have looked over the allocation of the C.M.H.C. capital budget for the past few years and have noticed a rather interesting trend. The trend was that as the pressure of interest rates against previous ceilings in the country became more intense, inevitably the pressure on the C.M.H.C. budget in respect of section 40, the direct lending aspect of it, was evident. I would appeal to hon. members to recognize that the allocation of the C.M.H.C. capital budget this year, to a larger extent than ever before, will be in respect of the program I would describe as section 16, section 16(a), section 35(a) and section 35(c) concerning the limited dividend non-profit public housing operation of C.M.H.C. I would say that if there is an inhibition concerning mortgage funds in the private sector with regard to residential mortgages, then there will be an incredible pressure later this year on the capital budget of the corporation by those who wish to obtain direct loans from the government so far as the portion of funds for this purpose is concerned.

So, as I have said, I sympathize with the thought behind the amendment. I think it is an impractical suggestion at this time to reimpose ceilings on the national housing and insurance rates. I believe it is "ad hocery". I think it would be too little and would not do the job. Therefore, I hope hon. members will join with me in rejecting the amendment.

Mr. Barnett: Mr. Speaker, would the minister permit me to ask a question before he resumes his seat? Is the minister offering a proposition to the hon. member for Broadview (Mr. Gilbert)? Is he suggesting he will bring in legislation providing for allocation of funds to the residential mortgage field if the hon. member for Broadview withdraws his amendment?

Mr. Andras: Mr. Speaker, I do not see how any such inference could be drawn. I would say, no, that is not the intention I intended to convey.

Mr. Knowles (Winnipeg North Centre): You could do it under the rule of "ad hocery".

The Acting Speaker (Mr. Béchard): Is it the pleasure of the house to adopt the said motion? All those in favour of the amendment please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Béchard): All those opposed please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Béchard): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Béchard): Call in the members.

The house divided on the motion (Mr. Gilbert) which was negative on the following division:

YEAS

Messrs:

Alkenbrack
Baldwin
Barnett
Brewin
Burton
Caouette
Carter
Comeau
Crouse
Dionne
Forrestall
Fortin
Gilbert
Harding
Knowles (Winnipeg North Centre)
Lambert (Edmonton West)
Laprise
Latulippe
Lewis
Lundrigan
MacInnis (Mrs.)
MacLean
Macquarrie
McCleave
McGrath
McIntosh
Mather
Paproski
Rodrigue
Rose
Saltsman
Simpson
Skoberg
Winch
Woolliams
Yewchuk—36.

NAYS

Messrs:

Allmand
Anderson
Andras
Badanai
Basford
Béchard
Benson
Borrie
Breau
Buchanan
Cadieux (Labelle)
Chrétien
Clermont
Côté (Longueuil)
Cullen
Cyr
Deachman
Drury
Dubé
Forget
Foster
Francis
Goode
Gray
Greene
Howard (Okanagan Boundary)
Isabelle
Kaplan
Lang
Lefebvre
Macdonald (Rosedale)
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Munro
Noël
Osler
Ouellet
Pelletier
Penner
Pepin
Perrault
Prud'homme
Richard
Stafford
Stewart (Cochrane)
Stewart (Okanagan-Kootenay)
St. Pierre
Walker
Watson
Weatherhead
Whelan—51.

Division

• (6:00 p.m.)

Mr. Speaker: I declare the motion lost. As hon. members no doubt know, amendment No. 2 has been dropped owing to the fact that the hon. member who had moved the second amendment joined forces with the hon. member for Broadview (Mr. Gilbert) who moved the first amendment. We will therefore go to the third motion.

Hon. Robert K. Andras (for Mr. Trudeau) moved:

That Bill C-192, an act to amend the National Housing Act, 1954, be amended as follows:

Strike out clause 15 on page 11 and substitute the following therefor:

"15. (1) Subsection (1) of section 35c of the said act is repealed and the following substituted therefor:

'35c. (1) The Corporation may make a loan to a province, municipality or public housing agency for the purpose of assisting that province, municipality or agency to acquire and service land for public or general housing purposes.'

(2) Section 35c of the said act is further amended by adding thereto the following subsection:

'(3) No loans shall be made under this section for the purpose of assisting in the acquisition or servicing of land for general housing purposes after the 31st day of March, 1972.'

He said: Mr. Speaker, I should like to make a few brief comments on the matter that has just been raised because I consider it of—

Mr. McGrath: Don't go too far, gentlemen.

Mr. Andras: —importance to those Canadians awaiting the possibility of owning a home of their own. Opinions have been varied as to the level of federal assistance that should be offered in our efforts to overcome some of the difficulties we face on the residential scene; yet virtually all of us realize that price and the availability of serviced land is one of the major factors in the cost of housing today. Often it spells the difference between a prospective owner's ability to buy rather than rent and, in some centres, it is a leading factor in forcing some families to turn to public housing accommodation which is required for those in even lower income categories. So I suggest, Mr. Speaker, that this is an area where an important breakthrough can be achieved through co-operative action by all levels of government.

The new facilities of the National Housing Act, which offer 90 per cent loans to provinces and municipalities for the acquisition and servicing of land for any housing purpose have generated real enthusiasm at the provincial level as indicated during consultations

that were held regarding this matter. That same reaction was evident on the part of civic representatives when I had an opportunity to meet them and discuss the matter at the annual convention of the Canadian Federation of Mayors and Municipalities which took place just a short time ago.

This innovation in federal assistance to provinces and municipalities affords us an opportunity to help many more Canadians to realize their hopes for houses of their own. It is also the means by which our towns and cities can take direct action in molding their physical growth in the way they wish.

Having spoken these few words on what I believe will prove an important amendment to the National Housing Act, I am happy to have been able to move the amendment which will enable Central Mortgage and Housing Corporation to make a loan to a province, municipality or public housing agency for the purpose of assisting in the acquisition and servicing of land for any general housing purpose.

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I wish to speak briefly on the amendment the minister has just proposed. It is a pity to extend the sitting hours of the house and then fritter away 45 minutes of the extra time by having the bells ring so that hon. members may come to the chamber and vote.

The point I wish to make here is, as has been mentioned before, that the corporation will be empowered to make loans which will help our provinces and municipalities to assemble land for housing purposes. Only two words are being added in the first paragraph of the amendment, those words being "or general". The government appears to have accepted something we proposed about one year ago. When we made speeches favouring what the government has now introduced, our ideas were ridiculed and pooh-poohed. Clearly what was anathema yesterday is the legislation of today.

When this matter was being considered in committee, comments were made to the effect that land assembled for housing purposes perhaps could not be used for specific purposes, such as for school buildings. One can see a situation in which large blocks of land are assembled for housing, with the poor children living in the housing development having to go away from that area if they wish to be educated. The minister was good enough to recognize the point and, without a doubt, kept it in mind when meeting his counterparts in provincial governments with whom he discussed the matter of housing. I will not press the point further except to note that we need much wider powers than have been conferred here. When the minister presents a further housing measure, and I hope that will be soon, perhaps the point I have mentioned will be dealt with.

The other point I wish to make has to do with the second paragraph of the amendment we are being asked to consider. When the committee of the house was considering the two national housing acts presently before the house, nothing was said about there being a time limit with respect to loans. We were not told that after March 31, 1972, no loans would be made under the section for purposes of land acquisition. Loans to assist in the acquisition or servicing of land for general housing purposes are to be cut off after that date and, as I say, we were not told this provision was to be introduced. The first we knew of it was when we opened Routine Proceedings and Orders of the Day and saw the amendment printed on the back pages. No explanation has been given as to why this amendment is being introduced. As I say, the first we knew of it was when we saw it at the back of the order paper.

Mr. John Gilbert (Broadview): Mr. Speaker, at first blush it would seem that this amendment has resolved the difficulty that has existed between the Prime Minister and the hon. member for Trinity (Mr. Hellyer). When the hon. member for Trinity was the minister in charge of housing he wanted to take the shortest route possible in making moneys available to municipalities so that they might acquire land for building purposes. This created problems with the Prime Minister, as a result of which the hon. member for Trinity resigned.

• (6:10 p.m.)

When this matter came to the committee, I asked the minister if this amendment meant that the municipalities could now obtain moneys for the purpose of acquiring land for public housing and general housing purposes. He pointed out even though municipalities were mentioned, it would still be necessary for the municipalities to obtain the approval of the provincial government or municipal board. Although at first reading one would think the municipalities have a direct route to the federal government with regard to acquiring moneys for land, it just is not so from a municipal standpoint.

I would like to emphasize the limitation with regard to time. The time limit imposed with regard to this particular amendment is March 31. If we are to have a program whereby moneys will be made available to municipalities for their institutions, then it has to be with a long term view. This limitation imposes a burden with regard to the provinces and municipalities. I had hoped the minister would have recognized the problem and not imposed the limitation because it is necessary that a municipality or housing corporation have time to go out and find the land. They must have time to get the necessary approvals from the different bodies within the municipality and province. This limitation will make it very difficult and certainly unattractive to the municipalities and other institutions to initiate action.

I thought the minister, with his avant garde thinking on these problems and his compassion and concern with regard to housing, would not have imposed such a limitation. Maybe after the last vote he is in the mood to withdraw the time limitation attached to this amendment.

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, I should like to make a few brief comments on the proposed amendments. First, where the bill reads, and I quote:

The Corporation may make a loan to a province, municipality or public housing agency—

with regard to purchasing land, we rejoice. We feel that municipalities certainly need financial aid, and that it is urgent that they should be helped with their plans, which may not always be reasonable, let us admit it frankly, but at times can help some of the citizens who live in municipalities where there are housing problems.

The major problem, in most cases, is a shortage of money. It is always the same thing: a shortage of money.

Whatever field we deal with, we come up against the same problem: a lack of funds.

The same goes for provincial governments, municipalities and the federal government. It is always the same old story for all governments.

The housing problem is most acute in Canada. This amendment, through which municipalities, provinces and low-cost housing projects will be given the required money to enable them to solve the housing problem, can only make us happy.

I shall make a further remark. I share the opinion put forward by the previous speaker. I shall deal with the proposed time limit, that is the deadline to be set with regard to this part of the act, which is March 31, 1972.

This period is not enough since it amounts to a little less than three years. Before all the legal proceedings related to the enactment of this bill are completed, there may be some time before everything is done to put the act into force. There may still be some time and two years or a bit more is certainly not enough to allow any municipality or province to engage in any real planning.

All this to say that this is better than nothing. It is essential that something be done and, in a way, I understand why the former minister responsible for housing did indeed resign.

The present government has no long term policy where housing is concerned. Neither has it any long term policy when it comes to plan housing, to consider, assess and locate the needs and to find an answer. It has to proceed step by step, year after year, depending on the immediate needs prevailing. It has no long term policy to solve, once and for all, the housing problem.

We need not go very far to see that there is, indeed, a problem. In the capital area, the housing problem is a fantastic one. Even though the federal government makes money available to Ottawa, Hull and the surrounding area to meet the housing problem, this problem is so vast that is seems impossible, within two years, to secure land, to build on it and to comply with the request of the government.

Many municipalities and provinces will be unable to comply with the act and take advantage of it, although it is excellent in principle.

That proves the inability of the government to provide for a periodical review of policy, at least every ten years.

We support those interesting amendments. We are surprised that the Prime Minister (Mr. Trudeau) became aware of the errors in his bill only after it was drafted, which is surprising, considering his usual insight.

In any event, we support those amendments, although we are not satisfied with the expiry date of March 31, 1972, because we feel this is detrimental to some provinces and certainly to many munipalities, which will be unable to meet the expiry date set by the government.

National Housing Act, 1954

[*English*]

Mr. Speaker: Is the house ready for the question? Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

Motion (Mr. Andras for Mr. Trudeau) agreed to.

Hon. Robert K. Andras (Minister without Portfolio) moved that Bill C-192 to amend the National Housing Act, 1954, as reported (without amendment) from the Standing Committee on Health, Welfare and Social Affairs be concurred in.

Motion (for concurrence) agreed to.

Mr. Speaker: When shall the bill be read a third time?

Some hon. Members: By leave, now.

Mr. Andras moved that the bill be read a third time and do pass.

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I am keeping my eye on the countdown towards 6.32.

Mr. Knowles (Winnipeg North Centre): Six thirty-one and a half.

• (6:20 p.m.)

Mr. McCleave: I will limit myself to what I hope will be a two or three minutes speech in which I wish to make only two points, although many others could be made. The first one concerns the housing of people in very low income categories. We know a terrible problem exists in this field, and with public housing projects now being held up that problem is being compounded.

I hope the minister will be able to get his guidelines for these projects into operation as quickly as possible so that the housing program can be resumed. I also express regret that we have not adopted another formula that might tide us over the interim period until enough public housing units can be built. This other formula would cover rent supplements. There is housing stock in Canada that is beyond the means of people in poor circumstances, yet with some help by federal, provincial and municipal governments the difference between what a person could afford and what properly should be charged could be made up. I believe this is the only quick way we can come to grips with that particular problem until we do get into a proper public housing program. The other point I make—

[Mr. Fortin.]

Mr. Andras: Would the hon. member permit a question? Is the hon. member not aware that public housing projects now being submitted to C.M.H.C. are being dealt with in the ordinary course of events and that we are approving them as quickly as possible, with the exception of one or two that seem to violate all the suggestions made by the task force? Secondly, we have offered the provinces the opportunity to acquire, either by purchase or lease, existing accommodation, something which goes far to meet the second suggestion which the hon. member made.

Mr. McCleave: I thank the minister for making those points. I think they are valid ones, but even if we do proceed with all due haste with the program he has mentioned, and I do not say he is not doing that, it will still be cold comfort for people who do not have proper housing. The fact that it may be six months or a year before houses are built is not much help to people whose need is now. That is the point I want to make in putting forward a stop-gap measure.

Now, Mr. Speaker, the second point I wish to make is one that I have made previously. It is a pity the government did not seize this opportunity to set up a department of urban and housing affairs. In my previous speech, and in questions that I asked in committee, I pointed out that all the experts had advised that before the end of the century the area from Sarnia to Quebec City, on the northern side of the two Great Lakes and the St. Lawrence River, will be part of the most densely populated megalopolis in the western world. I raised this matter with the President of C.M.H.C., and I had better quote him exactly because I do not wish to be unfair. I asked him if this would happen, and his reply was:

> If nothing was done to stop it.

I then said:

> I do not think anything can stop it, but something should be done to plan it.

I am simply suggesting that the problems of pollution, urban transportation, orderly planning, and whether we can even keep farm land in this area to make life more liveable for the inhabitants, could better be dealt with if we tackled them by having a department of urban and housing affairs that could treat with other levels of government. The problems are going to be here. They will be immense unless we have the statesmanship to get in there now and start on the remedy, to see that all this development is orderly, and that we do not get ourselves into the

mess in which the New York based megalopolis finds itself.

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, at this hour of the day there is not too much satisfaction in having the last word, but I am afraid I am going to get it anyway. Our party still has views which we feel should be expressed before this legislation is passed.

My colleague from Broadview (Mr. Gilbert) and the hon. member for Halifax-East Hants (Mr. McCleave) have outlined some of the sins of commission in this bill. The hon. member for Broadview said that interest rate increases were the largest single factor preventing people of moderate and low incomes from enjoying the benefit of home ownership. I think all of us would agree the financing provisions in this bill are not very satisfactory. However, I want to touch on two of the major sins of omission.

In spite of what the minister has said I think all of us feel that the great failure in the bill is that there is no plan, no program to provide housing for low income people. The minister says that public housing projects are being taken out of the freezer one after the other, but we have no means of knowing whether or not there will be additional projects or what the true picture is for people who cannot aspire to home ownership in present circumstances. The minister has outlined no over-all program. This is something that the hon. member for Lotbinière (Mr. Fortin) also made perfectly clear. I think it is the major shortcoming in this legislation. Along with the failure to talk about low rental housing, I am afraid there is a tremendous failure even in the projects that are being taken out of the freezer.

The return to a question which I asked the other day about what recreational facilities these public housing projects would have, stated there is no provision for inside recreational facilities in the 130 unit low rental housing projects announced on May 14 for the city of Vancouver. After all we have been through, I am shocked to think that any minister in charge of housing would come before us and admit that in low rental projects now slated for construction there are to be no recreational facilities inside them. This is one of the most horrifying things I have heard for a long time.

People who are well off, who have good incomes, who are able to move around and get a change of scenery and enjoy all kinds of recreation, must have recreational activities within their housing projects in order to be happy and well balanced. They need swimming pools and recreational rooms and other things of that kind. The very idea that low income people will have none of these facilities, no inside recreational facilities in public housing projects, is a terrible thing. They used to say that the Bourbons learned nothing and forgot nothing. I would hate to think that the minister in charge of housing is becoming a Bourbon even before he has had a chance to become a full-fledged minister of housing.

Mr. Andras: May I ask the hon. lady a question?

Mrs. MacInnis: I would be delighted.

Mr. Andras: Is the hon. member suggesting that those projects which are in the final stages, awaiting approval, be frozen and sent back, with the delay that that would involve?

Mrs. MacInnis: I am suggesting the same thing should be done that I have been urging on C.M.H.C. for a long time. If necessary some of the suites in the project should be cancelled and turned into recreational facilities, if there is no other way of providing these facilities. I suggest that the minister in charge of housing should break some new territory and co-operate with the cities of Vancouver, Hamilton and Toronto in erecting community centres on areas adjacent to public housing projects. In Vancouver the city would co-operate in providing recreational facilities that in this case C.M.H.C. did not have the wit or wisdom to provide in the first place.

• (6:30 p.m.)

Now, there are two perfectly good suggestions I would make to the minister as a way to try to make up for what was a failure in the first place. Will the minister now make a virtue of that mistake and go to the municipalities to obtain their co-operation in order to provide these recreational facilities in the most modern way—

Mr. Speaker: Order, please.

Mrs. MacInnis: May I call it 6.32, Mr. Speaker?

Some hon. Members: Oh, oh.

Mrs. MacInnis: I am not finished. I have something more to say.

Mr. Speaker: Obviously, the hon. member is not prepared to agree that the question be put at the present time.

Mr. Macdonald (Rosedale): Mr. Speaker, if the hon. lady has only a few things more to say, I wonder whether we might give her unanimous consent to continue and then give third reading to the bill.

Mrs. MacInnis: Mr. Speaker, I have an amendment.

BUSINESS OF THE HOUSE

Mr. Macdonald (Rosedale): In that event, Mr. Speaker, perhaps I might indicate that we will not be able to continue this debate on Monday. It would appear that the earliest opportunity would be Tuesday morning. We will try to finish the remaining three items of business announced for this afternoon, and then continue as next item of business with the second reading and the Committee of the Whole stage of a bill to authorize assistance to transportation in the Atlantic region which was given first reading today. I call attention, Mr. Speaker, to the phrase "Committee of the Whole". I hope the house might give consent to considering this bill in Committee of the Whole and give it quick passage rather than send it to a standing committee.

Mr. Speaker: It being after six o'clock this house stands adjourned until two o'clock on Monday afternoon.

At 6.35 p.m. the house adjourned, without question put, pursuant to special order.

HOUSE OF COMMONS

Monday, June 16, 1969

The house met at 2 p.m.

THE LATE EARL ALEXANDER OF TUNIS

EXPRESSION OF REGRET ON PASSING OF FORMER GOVERNOR GENERAL

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am sure that I speak for all members of this house and for all Canadians when I say how grieved we are this day on receipt of the news of the death of Earl Alexander of Tunis. His close ties with this country and his obvious liking for Canada and for Canadians gave him a special place in the hearts of all of us.

Earl Alexander served as Governor General of Canada from 1945 through 1952. During that period he became familiar to tens of thousands of Canadians who had the good fortune to meet him in his many travels throughout this country. To millions of other Canadians who observed his zest for life, his keen interest in skiing, and the roots which members of his family established in Canada, there evolved an open and sincere friendship and admiration. They responded as warmly to him as did he to Canada.

[*Translation*]

But it was long before his stay in Canada that Canadians heard of Viscount Alexander, who had earned an exceptional reputation during the war of 1939, as much by his military feats as by his talents as a great strategist. He directed the Dunkirk evacuation in 1940 and was one of the last to leave the beach. Later, in Burma, he headed the Allied forces for two years, during the campaign against the Japanese. Moreover, in 1944-45, as Supreme Commander of the Allied forces in the Mediterranean, he contributed to the victory of the free world; at that time, a motorized brigade and two divisions from Canada were among the troops under his command.

[*English*]

Earl Alexander visited Canada many times following his return to Britain and his assumption of the office of Minister of Defence. The Honourable the Leader of the Opposition (Mr. Stanfield), the Right Honourable Member for Prince Albert (Mr. Diefenbaker) and I had the pleasure of travelling with him from Washington to Ottawa only a few weeks ago following the funeral of his old colleague in arms, General Eisenhower. But it is in his role of Governor General that Canadians will remember him best. Then, as host to Princess Elizabeth and Prince Philip on their first tour of Canada in 1951, he established new traditions at Government House by introducing his royal guests and the premises to a lively square dance.

Earl Alexander bears another Canadian distinction. He was sworn a member of Her Majesty's Privy Council for Canada.

The passing of Earl Alexander of Tunis will be widely mourned throughout Canada, the Commonwealth and much of the world. He will long be remembered for his human qualities, his inspiring leadership in moments of crisis, his courage, and for the devotion with which he performed his many duties.

I should like, Mr. Speaker, supported by the Leader of the Opposition, to suggest that as a tribute to the memory of this great public servant of his Sovereign, of Canada and of the Commonwealth, and as a mark of our deep sympathy with Lady Alexander, and with all members of Earl Alexander's family, we stand together for a moment of silence and mournful reflection.

[*Whereupon the house stood in silence.*]

• (2:10 p.m.)

[*Translation*]

ROUTINE PROCEEDINGS

JUSTICE AND LEGAL AFFAIRS

Sixth and seventh reports of the Standing Committee on Justice and Legal Affairs, in French and in English—Mr. Ouellet (Papineau).

[*Editor's Note: Text of foregoing reports appears in today's Votes and Proceedings.*]

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

UNILINGUAL COMMISSIONAIRES IN NATIONAL MUSEUMS

Question No. 1,519—**Mr. Dinsdale:**

1. Who, in the Government of Canada, issued the instructions to Air-Vice-Marshal Wait, Commandant of the Ottawa Division of the Corps of Commissionaires, ordering the replacement of unilingual Commissionaires serving in the National Museums in Ottawa by bilingual personnel?

2. What was the reason and authority for the order?

3. Was the order related to the Official Languages Bill and, if so, in what way?

4. What are the duties of Commissionaires on duty at National Museums premises other than security?

5. Has the Secretary of State investigated the cases of Corporals Walsh and Clark and, if so, what conclusions has he reached?

Hon. Gérard Pelletier (Secretary of State): 1. The provision of bilingual personnel for museums was a result of discussion between C. J. Mackenzie, Secretary General of the National Museums of Canada and Air-Vice-Marshal Wait of the Corps of Commissionaires.

2. The reason was to provide service in both languages to the public visiting display areas in the museums. Under section 8 of the National Museums Act:

(1) There shall be a Secretary General of the Corporation appointed by the Governor in Council to hold office during pleasure who shall be paid by the Corporation such salary as is fixed by the Governor in Council.

(2) Subject to the by-laws of the Corporation, the Secretary General has, on behalf of the Board, the direction and management of the business of the Corporation in all matters that are not by this Act or the by-laws specifically reserved to the Board, a committee of the Board or a director of a museum.

3. The Secretary General of the National Museums of Canada was cognizant of the Official Languages Bill, which received first reading in the House of Commons on October 17, 1968.

4. To provide information to the public as to the location of facilities.

5. No.

P.E.I.-NEW BRUNSWICK FERRY RATES

Question No. 1,721—**Mr. Macquarrie:**

1. Is the Canadian National Railways seeking an increase in the rates on the ferry service between Prince Edward Island and New Brunswick?

[Mr. Trudeau.]

2. If so, is it intended to hold hearings of the Canadian Transport Commission in Prince Edward Island on this issue?

3. Is the government aware of any proposals to increase the rates on the Wood Island-Caribou ferry service?

4. Have any protests been received in respect to the proposed increases?

5. What is the range of proposed rate increases?

Hon. Donald C. Jamieson (Minister of Transport): 1. It has been decided not to institute any rate revisions on the east coast ferry services until such time as the new Atlantic Provinces transportation policy has been worked out and the government has had the opportunity to examine rates in light of this new policy.

2. and 3. See answer to Question 1 above.

4. Yes.

5. See answer to Question 1 above.

WESTERN CANADA—MONTREAL OIL PIPE LINE

Question No. 1,825—**Mr. Thomson:**

Has the Department of Industry undertaken a study regarding an oil pipe line from Western Canada to the Montreal area and, if so (a) when was this study initiated and when was it completed (b) which government officials and/or outside consultants were involved in preparation of such a study (c) did the results of the study show that such an oil pipe line was economically feasible?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): a, b and c. In line with its continuing responsibilities for trade and industrial policy and development, the Department of Industry, Trade and Commerce undertakes an ongoing examination of the problems and prospects for Canadian producers and consumers of petroleum. These papers are for internal use only and constitute privileged matter. The work referred to in this question does not have the stature of an approved departmental study as such.

APPLICATIONS TO INDUSTRIAL ASSISTANCE BOARD

Question No. 1,929—**Mr. Saltsman:**

1. How many applications have been made to the General Industrial Assistance Board?

2. From what industries were these applications received?

3. How many applications of these were rejected?

4. What were the reasons for rejection?

5. What is the present disposition of those applications not rejected?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): 1. As at May 30th, 1969, 29 applications had been made to the General Adjustment Assistance Board for a ruling regarding their apparent eligibility for assistance. Of these, eight manufacturers applied for consulting assistance grants to assist them to develop sound restructuring projects. These grants were approved. Of those ruled eligible, nine applications for loan insurance were considered by the Board.

2. The applications are dealt with by the nine Operations Branches of the Department of Industry, Trade and Commerce. Each of these branches is responsible for one of nine major industry sectors. Following this organization as a guide, the applications may be broken down by industries as follows:

	Eligibility rulings	Consulting grants	Loan insurance
Aerospace, Marine and Rail	4	2	1
Agriculture, Fisheries and Food Products	5	4	—
Apparel and Textiles	10	2	6
Chemicals	2	—	—
Electrical and Electronics	3	—	—
Machinery	1	—	1
Materials	1	—	—
Mechanical Transport	—	—	—
Wood Products	3	—	1
	29	8	9

3. Three applications for preliminary rulings regarding eligibility have been rejected and one application for loan insurance was declined.

4. Of the three ruled ineligible: (a) one applicant claimed injury resulting from the Kennedy Round but the Board ruled that the company's problems predated and were not related to the tariff reductions; (b) the Board considered that a second applicant was seriously undercapitalized and was not in a position to exploit an export opportunity; and (c) the third was rejected because it was not a manufacturer. The Board declined the application for loan insurance as it was not satisfied that the firm could operate profitably.

5. As of May 30th, 1969, of the 26 eligible applications: eight have been approved for loan insurance and one has been rejected; three were being held pending decisions by the companies as to whether they wished to proceed further; ten were the subject of detailed assessments concerning the viability of the proposed restructuring; and four have been withdrawn by the applicants.

VISCOUNT AIRCRAFT ON AIR CANADA FLIGHTS

Question No. 2,031—**Mr. Fortin:**

1. How many Viscount aircraft does Air Canada still have in service?

2. What stage has been reached in negotiations concerning the Winnipeg base?

3. If the base has been sold, what was the selling price, what basis was used in determining the selling price and to whom was the base sold?

4. What are the terms of payment and if payment was not made in cash, what rate of interest is being applied?

5. What was the original cost of construction of the base?

Hon. Donald C. Jamieson (Minister of Transport): The Management of Air Canada advises as follows: 1. Thirty-three.

2. A Memorandum of Agreement has been signed by Air Canada and Northwest Industries covering the general terms of the takeover by NWI of the Winnipeg Base. Detailed negotiations between the two companies are now under way.

3. As this is a commercial agreement with a privately owned corporation its contents are deemed to be confidential.

4. See answer to Question 3.

5. The Winnipeg Base was built primarily in the years 1937-44 and added to in 1954-55. The total investment in the facility over this period was approximately $2.5 million.

CHARLOTTETOWN AIRPORT WAITING ROOM

Question No. 2,038—**Mr. Macquarrie:**

1. What is the seating capacity of the waiting room of the Charlottetown Airport?

Questions

2. What is the floor space of the waiting room?

3. How many flights normally call at Charlottetown daily and what is the total passenger load of the commercial aircraft which have normally scheduled calls at this Airport?

4. For how long were members of the Corps of Commissionaires on duty at this Airport's terminal building and when and for what reason were they removed?

5. What airports normally served by Air Canada are without the service of Commissionaires in their terminal buildings?

Hon. Donald C. Jamieson (Minister of Transport): 1. Seats for 32 persons.

2. 1,000 square feet.

3. Five flights, aircraft mix according to requirement—Dart-Herald, 42 passengers and DC3, 26 passengers.

4. Corps of Commissionaire personnel were on duty at this terminal building from a period after World War II until 1963. They were paid by the R.C.M.P. and when the R.C.M.P. informed the Department this would no longer be their responsibility, the Department decided, for reasons of economy, that Commissionaires were not required for Departmental purposes upon Charlottetown Airport. Commissionaires were hired from February 1, 1964 until October 31, 1964 for the Charlottetown Fathers of Confederation Meeting centennial celebrations.

5. Airports normally served by Air Canada without service of Commissionaires in terminal buildings—Yarmouth, Val d'Or, Bagotville, Earlton, North Bay, Sault Ste. Marie, Timmins, Sudbury, Lakehead, Lethbridge.

DARTMOUTH, N.S., PUBLIC WHARF

Question No. 2,086—**Mr. Forrestall:**

What are the present plans of government for the long condemned Dartmouth Public Wharf?

Hon. Donald C. Jamieson (Minister of Transport): The National Harbours Board advises as follows: It is proposed to carry out restricted repairs to the Dartmouth Pier in the interests of safety and appearance as an interim measure until a policy can be formulated for this area of the harbour.

SOLID PRODUCTS PIPE LINE TRANSPORT

Question No. 2,125—**Mr. Gleave:**

1. What is the nature and scope of research into solid products pipeline transport in Canada?

2. By whom is this research being made?

3. What was the total cost of such research (a) during 1967 (b) during 1968?

4. What was the cost of such research to the federal government?

[Mr. Macquarrie.]

5. Was a specific study made on (a) wheat (b) potash?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): 1. The only research in Canada in solid products pipeline transport that the Department is aware of is technical in nature and includes both laboratory and pilot scale studies. Both slurry and capsule pipelining either have been or are being investigated. Various solid products such as coal, potash, sulphur and iron ore are, it is understood, being considered as possible materials for transporting through pipelines.

2. One organization which has publicized its research interests and activities in solid products pipeline transport is the Solids Pipeline Research and Development Association (SPRDA). This Association, which is a consortium of some 20 companies, assisted by and in cooperation with the Research Council of Alberta, has been active for some years in certain aspects of solids pipelining. Others which are interested, and in some cases doing research in solids pipelining, have not, to the best of the Department's knowledge, made their interests public and, therefore, the Department is not at liberty to disclose their names. It is understood that some universities have indicated an interest in the field of slurry pipelining but the Department is not aware of the nature or scope of their research activities.

3 (a) and (b). Only partial cost figures are available and which are confidential.

4. Under the PAIT program expenditures in 1967 (calendar year) were $141,904 and in 1968 (calendar year), $223,697. Amount provided under the IRDIA program is privileged information.

5. (a) As far as it is known, no; (b) Yes. It is understood that specific studies or, at least, a specific interest has been shown.

RATES CHARGED ON P.E.I.-MAINLAND FERRIES

Question No. 2,127—**Mr. Macquarrie:**

1. When were (a) passengers (b) automobiles, first charged passage on ferries operated by the Government of Canada or its agent on the service between Prince Edward Island and the Mainland?

2. What were the rates charged for each of the categories above and on what date were changes in such rates imposed?

3. Has the Government of Canada received any protest from the Government of Prince Edward Island in connection with the latest proposed increase in these rates and, if so (a) what was the date of such protest (b) have other protests been received and, if so, how many?

4. Is it intended that hearings on this matter will be held in Prince Edward Island before the new rates are imposed?

Hon. Donald C. Jamieson (Minister of Transport): 1. (a) and (b) Since the Government inaugurated its service in 1916.

2. (a)	Passengers	45 cents single	80 cents return
	Automobiles	$10.00 single	no return
(b) 1928	Passengers	No change	no return
	Automobiles	$ 6.00 single	no return
1935	Passengers	No change	no return
	Automobiles	$ 2.00 single	$3.00 return
1958	Passengers	50 cents single	90 cents return
	Automobiles	$ 2.00 single	$3.00 return
1967	Passengers	50 cents single	no return
	Automobiles	$ 2.00 single	no return

(Regular automobile users of ferry could buy commuter tickets $15.00 for book of ten —i.e., $1.50 per crossing).

3. Yes. (a) On 24 February Premier Campbell of Prince Edward Island protested in a submission to the House of Commons Standing Committee on Transportation and Communications; (b) Yes. One further protest was made to the Minister of Transport by the Premier of Prince Edward Island but no further protests have been received by either the Department of Transport or the Canadian Transport Commission.

4. The introduction of new rates is not contemplated at this time.

EXPENDITURES ON BORDEN-TORMENTINE FERRY SYSTEM

Question No. 2,179—**Mr. MacDonald (Egmont):**

What are the forecast yearly capital expenditures and operating deficits for the improved CNR Northumberland Strait ferry system between Borden and Cape Tormentine over the next thirty years?

Hon. Donald C. Jamieson (Minister of Transport): Capital expenditures and the years in which they are projected to occur as quoted in the Stanford Report are given below:

Year	Capital expenditure ($m)
1969	10.0
1973	5.0
1977	15.0
1979	5.0
1982	5.0
1988	5.0
1992	5.0
1998	15.0
1999	15.0

The net operating deficit for 1978 is projected as just over $5m. With the advent of new ships and more efficient methods of operation the unit cost of handling traffic will be substantially reduced with a corresponding effect on the deficit.

FINANCIAL ASSISTANCE TO FORMER FRENCH AFRICAN TERRITORIES

Question No. 2,182—**Mr. Diefenbaker:**

1. What is the amount of financial and other assistance that had been promised to each of the Republics in Africa which were formerly included in the Republic of France, by the Government of Canada during the next five years?

2. To which countries, and for what respective amounts, were such promises made (a) by the Secretary of State, and (b) by the Honourable Lionel Chevrier?

3. To which countries has such aid been promised, and in what respective amounts?

4. What was the total value of financial and other assistance furnished by Canada to each of the said countries during each of the years 1966 and 1968 inclusive?

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1. The amount of financial and other assistance promised to francophone countries of Africa for the next five years is broken down between (a) that which has been promised by the Hon. Lionel Chevrier in February and March 1968 and (b) that which has been promised by the Secretary of State for External Affairs.

(a) Assistance promised by the Hon. Lionel Chevrier:

	Number of Approved Projects	Estimated Canadian Participation
Algeria	9	$ 8,500,000
Cameroun	4	4,388,000
Ivory Coast	4	2,605,000
Morocco	5	8,140,000
Niger	6	2,716,000
Senegal	8	6,794,000
Tunisia	13	6,455,000
	49	$39,598,000

Questions

(b) Assistance promised by the Secretary of State for External Affairs:

Cameroun	$ 309,003
Congo Kinshasa	868,950
Dahomey	3,101,716
Gabon	41,955
Malagasy	40,000
Mauritania	150,000
Rwanda	2,100,000
Togo	2,865,481
	$9,477,105

2 and 3. No assistance has been promised to francophone countries of Africa by the Secretary of State; the promises made by the Hon. Lionel Chevrier have been tabulated above in the first part of this answer.

4. The total value of the assistance furnished by Canada to the francophone countries of Africa during each of the past three fiscal years has been as follows:

Country	1966-67	1967-68	1968-69 (Prel.)
Algeria	1,086,485	363,415	3,296,592
Burundi	2,703	4,239	7,173
Cameroun	727,505	1,071,143	1,417,821
Central African Republic	13,445	23,567	21,492
Chad	180,617	216,988	254,435
Congo Brazzaville	58,257	28,115	29,658
Congo Kinshasa	802,310	793,053	299,808
Dahomey	168,524	226,140	264,405
Gabon	28,372	52,136	49,678
Guinea	640,935	23,401	9,857
Ivory Coast	248,972	431,954	661,308
Malagasy	48,698	71,864	119,310
Mali	77,056	66,475	61,335
Mauritania	11,693	9,950	2,656
Morocco	146,445	1,648,173	231,089
Niger	74,532	56,894	1,609,949
Rwanda	778,123	747,622	819,662
Senegal	895,599	697,186	1,039,967
Togo	224,944	275,232	379,591
Tunisia	739,301	2,025,696	3,792,214
Upper Volta	12,000	18,836	17,046
Small Projects and Admin.	22,411	39,138	46,205
	6,988,927	8,891,217	14,431,251

TORONTO AND MONTREAL AIRPORT HELICOPTER SERVICE

Question No. 2,185—**Mr. Robinson:**

Is the federal government, through Air Canada, contemplating the feasibility and/or introduction of a helicopter service from (a) Toronto International Airport to a downtown Toronto location and, if not, for what reason (b) Montreal International Airport to a downtown Montreal location and, if not, for what reason?

[Mr. Sharp.]

Hon. Donald C. Jamieson (Minister of Transport): In so far as the Minister of Transport is concerned: The introduction and operation of helicopter services, like any other commercial air service, has to be licensed by the Canadian Transport Commission upon application by a carrier. This rule applies to Air Canada as well as to other carriers and therefore the corporation's management would have to decide itself on the merits of an

operation before an application would be made. Air Canada informs me that at the present time they have no intention to apply for a licence to provide helicopter services.

The federal government maintains constant surveillance on developments in the helicopter field. Two reports published in 1966 (namely "Scheduled Helicopter Operations in Canada" by the Transportation Policy and Research Branch of the Department of Transport, and "Scheduled Helicopter Operations and their Applicability Within Canada" by the then Air Transport Board) provided a good assessment of the situation as it then existed. Both reports concluded that with existing equipment the introduction of scheduled passenger helicopter services would be premature, mainly due to the very high operating costs of the equipment available.

Nothing has happened in the interval since 1966 to change the situation. Two companies, Dominion Helicopter Ltd. and Pegasus Airlift, provided helicopter services at Expo 67, but I understand that the financial results were not altogether satisfactory. In the U.S., helicopter services have expanded in some areas and are threatened by STOL (short take-off and landing) aircraft in others. However, there are indications that high capacity helicopters may become available in the late 1970's with much lower operating costs; in the meantime, it is expected that traffic will continue its rapid growth. These developments will be watched closely to ensure that prompt and effective action is taken as soon as conditions warrant.

CANADIAN RAILWAYS PASSENGER SERVICE

Question No. 2,220— **Mr. Yewchuk:**

Did a senior executive of the Canadian National Railways state in a recent interview in Toronto that the Canadian National Railways and the Canadian Pacific Railway should get out of the passenger business "because it doesn't make any economic sense" and, if so, does this reflect a change in policy either of the government or the Canadian National Railways?

Hon. Donald C. Jamieson (Minister of Transport): The Management of Canadian National Railways advises as follows: The statements made by an officer of the Company when speaking before the Canadian Transportation Research Forum in Toronto were not intended to imply that Canadian railways should get out of the passenger business but that they should be relieved of the burden of running uneconomic passenger services. It was further stated that means were provided to do this under the provisions of the National Transportation Act of 1967.

There has been no change in the Company's passenger policy which was stated before the Standing Committee on Transport and Communications on July 5, 1966 and as restated on Page 15 of the Company's Annual Report for the year 1968 which was tabled in the House of Commons on April 24, 1969.

CHARLOTTETOWN AIRPORT INSTRUMENT LANDING SYSTEM

Question No. 2,264—**Mr. Macquarrie:**

1. When is it intended to install an instrument landing system at the Charlottetown Airport?

2. In the interval is it intended to place a mobile instrument landing system in operation at Charlottetown?

3. What other improvements are contemplated for the Charlottetown Airport?

Hon. Donald C. Jamieson (Minister of Transport): 1. I.L.S. has been programmed for installation in 1972/73.

2. No.

3. The following items are programmed: (a) A non directional beacon 1970/71; (b) High intensity runway and approach lights 1972/73; (c) A new building will be constructed this summer to improve mail, baggage and cargo handling; (d) Plans for a new terminal building are currently under active consideration.

MONTREAL—CHAMPLAIN BRIDGE REVENUES

Question No. 2,269—**Mr. Beaudoin:**

1. What revenues has the federal government derived from the Champlain Bridge in Montreal, since its construction?

2. What expenditures were incurred by the federal government for maintenance each year since its construction?

Hon. Donald C. Jamieson (Minister of Transport): The National Harbours Board advises as follows: 1.

Champlain Bridge

Year	Revenue $
1962	162,574
1963	448,326
1964	624,879
1965	990,976
1966	1,329,190
1967	2,066,771
1968	1,962,420

Questions

2.

Year	Maintenance $
1962	33,032
1963	53,350
1964	36,099
1965	44,150
1966	55,621
1967	132,579
1968	124,537

INSTRUMENT LANDING FACILITIES AT CANADIAN AIRPORTS

Question No. 2,274—**Mr. MacDonald (Egmont):**

1. What public airports in Canada have Instrument Landing System facilities?

2. Are there any provinces in Canada which do not have airports equipped with I.L.S. facilities and, if so, which ones and for what reasons?

3. What steps are being taken to see that every province has at least one I.L.S.?

4. What effect do I.L.S. facilities have on the usable ceilings for aircraft and are there any other benefits?

5. Does Air Canada serve any airports without I.L.S.?

Hon. Donald C. Jamieson (Minister of Transport): 1. Abbotsford, B.C., Calgary, Alta., Churchill, Man., Edmonton Ind. Alta., Edmonton Int'l. Alta., Fort Nelson, B.C., Fort St. John, B.C., Fredericton, N.B., Frobisher, N.W.T., Gander, Nfld., Grande Prairie, Alta., Halifax, N.S., Inuvik, N.W.T., Lakehead, Ont., Lethbridge, Alta., London, Ont., Moncton, N.B., Montreal, P.Q., Ottawa, Ont., Patricia Bay, B.C., Penticton, B.C., Port Hardy, B.C., Prince George, B.C., Prince Rupert, B.C., Quebec, P.Q., Regina, Sask., St. John's Nfld., Saint John, N.B., Saskatoon, Sask., Sault Ste. Marie, Ont., Sept-Iles, P.Q., Stephenville, Nfld., St. Hubert, P.Q., Sydney, N.S., Terrace, B.C., Toronto, Ont., Vancouver, B.C., Victoria, B.C., Whitehorse, Y.T., Windsor, Ont., Winnipeg, Man., Yarmouth, N.S.

2. (a) Yes; (b) Prince Edward Island; (c) The justification for an I.L.S. is based on the operational requirements of the aircraft serving a given airport, rather than on the geographical location of the airport. Charlottetown, as the one civil mainline airport in P.E.I., has not, up to now, generated the type or quantity of traffic sufficient to justify an I.L.S.

3. The Department has programmed, subject sufficient funds can be made available, the installation of an I.L.S. at Charlottetown during the 1972/73 year in anticipation that the operational requirement will have developed by that time.

4. An unrestricted I.L.S. permits approaches by scheduled operators to altitudes of 200 feet above ground with one half a mile visibility. I.L.S.'s also assist pilots in lining up with the runways at greater distances from the airport than when using a non-directional beacon, and also assist in establishing an optimum approach path under good, as well as poor, weather conditions.

5. Yes.

BRITISH COLUMBIA INDUSTRIAL INCENTIVE AREAS

Question No. 2,277—**Mr. Harding:**

1. How many industrial incentive areas have been established in British Columbia?

2. How many projects have been assisted to date in each area since the inception of the program?

3. By area, what has been or will be the government's contribution to each project completed or proposed?

Mr. Russell C. Honey (Parliamentary Secretary to the Minister of Regional Economic Expansion): 1. Four.

2. Penticton, 4; Kelowna, 8; Vernon, 9; Census Subdivision IC, nil.

3. Grants paid to date are: Penticton: Casabello Wines Ltd., $81,889.79; Kee Pee Products Ltd., $45,906.25; Okanagan Laminated Beams Ltd., $41,289.53; General Coach Works of Can. Ltd., $96,201.55. Kelowna: Chateau Homes Ltd., $8,663.11; Strato Beams Ltd., $35,597.76; The Brown Bros. Ltd., $45,923.54; Mission Hill Wines Ltd., $202,589.31; Calona Wines Ltd., $125,530.80; Westmill Carpets Ltd., $178,600.74; Kwik-Lok Ltd., Income Tax Exemption Certificate; Canadian Wiring Equipment Ltd., Income Tax Exemption Certificate. Vernon: Coldstream Meat Packers Ltd., $58,163.85; Sure Crop Feeds Ltd., $23,065.00; Sahly's Furniture Manufacturing, $3,578.00; Wayside Press Ltd., $12,892.64; Alcan Pipe Ltd., $51,909.34; T.P.L. Industries Ltd., $51,611.27; Shuswap Okanagan Dairy Industries Co-op Assoc., $138,821.00; Steiner Arch Rafters and Joists Ltd., $11,125.00; Bell Pole Co. Ltd., $71,462.00.

Some of these projects will receive further payments when they have been longer in production, and there are other projects for which the amount of grant will be determined when they do come into production

DIESEL ENGINE PURCHASES FROM FAIRBANKS MORSE

Question No. 2,280—**Mr. Douglas (Nanaimo-Cowichan-The Islands):**

1. Has the Government of Canada or any of its agencies placed an order for twenty-four twelve cylinder, turbo-charged, opposed piston, diesel engines with Fairbanks Morse (Canada) Ltd. within the last three years?

2. Was the order proceeded with and, if not, was any compensation paid the company?

3. If compensation was paid (a) what was the amount and (b) has a government investigation of the company's claims been carried out?

4. If the answer to part 3(b) above is in the affirmative, what were the findings of the government investigators?

Hon. Donald C. Jamieson (Minister of Transport): 1. Yes.

2. Procurement of components by Fairbanks Morse (Canada) Ltd., was commenced and consequent upon the government's decision to build only one vessel in lieu of the six originally approved, the number of diesels was accordingly reduced from 24 to four, the Company being compensated accordingly.

3.(a) $724,275; (b) Yes.

4. That the Company's claim was legitimate and the amount of compensation negotiated, fairly and reasonably covered the costs incurred by the Company resulting from the reduction in the number of diesels.

SUPERSONIC FLIGHTS OVER CANADA

Question No. 2,289—**Mr. Skoberg:**

1. Have the Department of Transport or the Canadian Transport Commission approved of Supersonic (SST) planes flying over and landing in Canada?

2. If so, when was this decision reached?

3. What specific research has been undertaken by any government agency or department regarding the effects of supersonic flying over Canada?

4. Is the Canadian Transport Commission or the Department of Transport aware of the recent announcement by Air Canada that six Boeing Supersonic planes have been ordered to be flying in Canada around 1978?

5. Has approval been given to the flying of the above planes over Canada?

Hon. Donald C. Jamieson (Minister of Transport): 1. No.

2. N/A.

3. None. The Department of Transport is following the development of this type of aircraft from the viewpoint of applying restrictive measures should this action appear necessary.

4. Yes.

5. No.

DEPARTMENT OF AGRICULTURE PUBLIC RELATIONS

Question No. 2,290—**Mr. Robinson:**

1. Does the Department of Agriculture have a public relations staff and, if so, how many?

2. What was the total cost of public relations for the Department for each of the years 1960-68 inclusive?

Hon. H. A. Olson (Minister of Agriculture): 1. No.

2. Not applicable.

USE OF HEAVY WATER IN NUCLEAR PLANTS

Question No. 2,296—**Mr. Corbin:**

1. Is heavy water of the kind that Atomic Energy of Canada Limited hopes to obtain from Deuterium of Canada Limited used in the operation of certain types of nuclear power generating plants?

2. If so, what is the function of the heavy water?

3. What is the estimate of the time required for the construction of a nuclear power generating plant in ordinary circumstances?

4. If arrangements were made in 1969 under which Canada would participate in the construction of a nuclear power generating plant in any other country, would Canada be able to supply the necessary heavy water from its own sources, for example, the Deuterium of Canada Limited plant, and without increasing Canadian purchases from abroad?

5. Is Canada still buying heavy water from abroad to meet Canada requirements?

6. Has Atomic Energy of Canada Limited entered into a contract with any other potential producer of heavy water in Canada under which a supply of heavy water will be available to Atomic Energy of Canada Limited?

7. If so, what producer, and when will the product become available?

8. After any other producer begins deliveries, will the heavy water supplied by Deuterium of Canada Limited be surplus to Canada's requirements?

9. What is the present estimate as to when Deuterium of Canada Limited will begin deliveries of heavy water?

Hon. Otto E. Lang (Minister without Portfolio): In so far as Atomic Energy of Canada Limited is concerned: 1. Yes.

2. To slow down the speed of neutrons released on fission to enable them better to cause fission in other uranium nuclei.

Questions

3. About 5 years depending on size.

4. This is the hope.

5. Yes.

6. Yes.

7. Canadian General Electric Company Limited; by the end of 1969.

8. No.

9. Unknown.

TORONTO SHORT HAUL FLIGHTS

Question No. 2,302—**Mr. Gillespie:**

1. What is the estimated number of passenger flights originating in Toronto and terminating within 350 miles, and the number of flights terminating in Toronto having originated within 350 miles?

2. What proportion of total scheduled flights does such short haul traffic amount to?

Hon. Donald C. Jamieson (Minister of Transport): The Canadian Transport Commission advises as follows: 1. In 1968 at Toronto International Airport 34,683 scheduled passenger flights arrived from and 34,762 scheduled passenger flights departed for points within 350 miles.

2. In 1968 these short haul flights represented 67 percent of all scheduled passenger flights arriving at or departing from this airport.

BUDGET FOR JORDAENS EXHIBIT AT NATIONAL GALLERY

Question No. 2,303—**Mr. Reid:**

1. What was the budget established for the Jordaens Exhibit held from November 29, 1968 to January 5, 1969 at the National Gallery and what were the projected expenses for (a) transportation (b) personnel (c) entertainment (d) insurance, and (e) other?

2. What was the estimated attendance and what was the actual attendance for this exhibit?

3. What was the estimated deficit budgeted for this exhibition and what was the actual deficit?

4. How was the estimated deficit to be covered?

5. How was the actual deficit covered?

Hon. Gérard Pelletier (Secretary of State): I am informed by the National Museums of Canada as follows: 1. The budget projected for the Jordaens Exhibit, based on the display of 172 works of art, was $147,000 subdivided as follows: (a) Transportation, $95,500; (b) Personnel, nil; (c) Entertainment, $1,200; (d) Insurance, $9,000; (e) Other, $41,300.

2. The estimated attendance was 100,000 and the actual attendance was 18,222.

[Mr. Lang.]

3. The sum of $147,000 was budgeted for this exhibition, and expenditures to date, based on the display of 315 works of art, amount to $191,533.

4. The total costs of the exhibition were to be met from appropriations provided by Parliament in the fiscal years 1967-68 and 1968-69.

5. The total costs of the exhibition to date have been met from appropriations provided by Parliament in the fiscal years 1967-68 and 1968-69.

DEFICIT ON JORDAENS EXHIBIT AT NATIONAL GALLERY

Question No. 2,304—**Mr. Reid:**

1. Did the National Museum Corporation make any submissions to either the Department of the Secretary of State or to Treasury Board to cover the actual deficit incurred by the Jordaens Exhibition held from November 29, 1968 to January 5, 1969?

2. Was any re-allocation of funds made to the Art Gallery from the sums originally allotted to the Museum of Natural Sciences, the Museum of Man, and the Museum of Science and Technology by the Board of Trustees of the National Museum at the beginning of the fiscal year and, if so, by how much from each of these three Museums?

3. Was this figure over $100,000?

Hon. Gérard Pelletier (Secretary of State): I am informed by the National Museums of Canada as follows: 1. No.

2. During the 1968-69 fiscal year funds were reallocated as follows:

	Increase $	Decrease $
National Gallery of Canada	145,000	
National Museum of Natural Sciences		30,000
National Museum of Man		20,000
National Museum of Science and Technology		78,000
Others		17,000
	145,000	145,000

3. Yes.

ILE-AUX-GRUES—MONTMAGNY REINFORCED BOAT SERVICE

Question No. 2,308—**Mr. Lambert (Bellechasse):**

1. Does the federal government pay an annual subsidy of $1,700 for operating reinforced boat service for navigation across ice in the winter season for the crossing between Ile-aux-Grues and Montmagny and, if so, to whom?

2. What is the nature of this service during the winter season?

Hon. Donald C. Jamieson (Minister of Transport): The Canadian Transport Commission advises as follows: 1. Yes. Albert Vezina, Ile-aux-Grues.

2. Service consists of three round trips per week during the winter season from November 16 to April 30, carrying passengers and freight with the ice boat *Ile-aux-Grues Transport.*

NAVIGATIONAL AIDS FOR CARIBOU-WOOD ISLAND FERRIES

Question No. 2,342—**Mr. MacEwan:**

Is it the intention of the Department of Transport to up-grade the navigational aids at Caribou, Nova Scotia and Wood Island, Prince Edward Island in order to provide a longer operating day and night service for the ferries operating between the Provinces of Nova Scotia and Prince Edward Island?

Hon. Donald C. Jamieson (Minister of Transport): No. Aids to navigation at both places are considered adequate for 24 hour navigation by ferry operators.

CANADIAN MEMBERSHIP IN INTERNATIONAL ORGANIZATIONS

Question No. 2,343—**Mr. Beaudoin:**

1. What is the number of international organizations to which Canada belongs?

2. What is the annual cost to Canada for participation in each of these organizations?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): In so far as the Post Office Department is concerned: 1. Two: Universal Postal Union; Postal Union of the Americas and Spain.

2. The annual cost varies dependant on the cost of maintaining the two bureaux. The cost for 1968-69 was $75,200.

CANADA MANPOWER AND IMMIGRATION COUNCIL

Question No. 2,344—**Mr. Brewin:**

1. Has the Canada Manpower and Immigration Council provided for by C. 13, Statutes of Canada, 16 Elizabeth II assented to the 21st of December, 1967 been set up?

2. If not, for what reason?

3. Have any of the Advisory Boards which the Minister of Manpower and Immigration is required by s. 12 of the said Act been established (a) if so, how many and which Boards (b) if not, for what reason?

4. Has the Minister exercised the power conferred on him by ss. 2 of s. 13 of the said Act and established additional advisory boards?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): 1. Yes, the Canada Manpower and Immigration Council has been set up.

2. Not applicable.

3. Four Advisory Boards have been set up: (i) Advisory Board on Adult Occupational Training; (ii) Advisory Board on the Adjustment of Immigrants; (iii) Advisory Board on Manpower and Immigration Research; (iv) Advisory Board on Co-ordination of Rehabilitation Services for Disabled Persons.

4. No, the Minister has not established additional advisory boards.

MR. GÉRARD BEAUDET, MANAGER, PORT OF MONTREAL

Question No. 2,348—**Mr. Dumont:**

1. What is the salary of Mr. Gérard Beaudet, Manager of the Port of Montreal?

2. What is the salary of his administrative assistants?

Hon. Donald C. Jamieson (Minister of Transport): The National Harbours Board advises as follows: 1. $23,500.

2. Assistant Port Manager, Administration, $21,000; Assistant Port Manager, Operations, $21,000.

REDUCTION OF IMMIGRANTS TO CANADA

Question No. 2,356—**Mr. Beaudoin:**

Does the government intend to initiate a policy to reduce the number of immigrants to Canada as a result of employment problems in this country?

[*Translation*]

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): With the exception of sponsored dependent relatives, all immigrants are assessed on a point rating system which takes account of their occupational demand in Canada. This is not the only factor on which their applications are evaluated, nevertheless, it is one of the most important consideration, the purpose of which is to help equate immigration with employment opportunities in Canada.

[*English*]

SECOND TORONTO INTERNATIONAL AIRPORT

Question No. 2,359—**Mr. Yewchuk:**

Will a second Toronto international airport be built off the shore of Lake Ontario and, if so, what precautions will the government take to ensure the safety of such an operation?

Questions

Hon. Donald C. Jamieson (Minister of Transport): The Department of Transport is not considering an off-shore site for a second Toronto International Airport at this time.

ALTERNATIVE EMPLOYMENT FOR VICKERS EMPLOYEES

Question No. 2,392—**Mr. Yewchuk:**

Has the government taken any steps to provide alternative employment for the workers now unemployed by the layoffs at the Vickers Shipyards in Montreal?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Officers of the Department of Manpower and Immigration have met with the management of Marine Industries Limited, Sorel. This Company stated that commencing June 2-3 they will have 150 jobs available for tradesmen requiring skills similar to those possessed by many of the workers at Canadian Vickers Limited. In addition, Marine Industries Limited expects to hire over 400 skilled workers in the next two months. The management of this Company said they are willing to consider present employees of Canadian Vickers shipyard for these positions.

Because some workers may not want to relocate in Sorel, we also have launched a campaign through our Canada Manpower Centres in the Montreal area to find work in comparable trades for the workers. Present indications are that we will have reasonably good success in this endeavour.

Canadian Vickers Limited is also prepared to absorb a substantial number of the shipyard workers in their ship repairing and industrial divisions. To assist in this transfer of workers, we have offered to participate in the provision of training and retraining as required. Our Manpower Consultative Service is facilitating manpower adjustment planning by the Company and the unions.

ABOLITION OF P.E.I. FERRY TOLLS

Question No. 2,415—**Mr. MacDonald (Egmont):**

1. Have representations been made with regard to the abolition of ferry tolls between the Province of Prince Edward Island and the rest of Canada and, if so, by whom?

2. What has been the response of the government in this regard?

3. Is serious consideration being given to this proposal?

[Mr. Yewchuk.]

Hon. Donald C. Jamieson (Minister of Transport): 1. Yes, by the Legislative Assembly of Prince Edward Island.

2. The resolution of the Legislature was acknowledged to the Speaker by the Office of the Prime Minister and referred to the Minister of Transport for attention.

3. Serious consideration is always given to resolutions of a provincial legislature regarding matters under federal jurisdiction, even though the responsibility for any action is exclusively with the federal government.

CLOSING OF CUSTOMS OFFICES

Question No. 2,426—**Mr. Comeau:**

1. How many Customs Offices will be closed in Canada?

2. How many by province?

3. What is the location of those in Nova Scotia and when are these scheduled to be closed?

Hon. Jean-Pierre Côté (Minister of National Revenue): 1. It is proposed to close approximately 68 small ports and outports throughout Canada.

2. The decision as to which offices will be closed and when will be made only as a result of a complete study involving the economics, personnel and service aspects and will be therefore identified only at that time.

3. See 2.

INTERNATIONAL CONVENTION ON STATUS OF REFUGEES

Question No. 2,427—**Mr. Fairweather:**

1. Has Canada acceded to the 1951 International Convention on the Status of Refugees and, if not, for what reason?

2. Is Canada a party to the 1957 Hague Agreement on Refugee Seamen and, if not, for what reason?

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1. The Canadian instruments of accession to the 1951 Convention Relating to the Status of Refugees and to the Protocol Relating to the Status of Refugees which amended the Convention were deposited with the Chief of the U.N. Treaty Section in New York on June 4, 1969 making that the effective date of Canada's accession.

2. Canada became a party to the Hague Agreement on Refugee Seamen on May 30, 1969 with the deposit of the Canadian instrument of accession with the proper authorities in The Hague.

Questions

SACKVILLE, N.B.—C.B.C. LAND PURCHASES

Question No. 2,438—**Mr. Dinsdale:**

1. Has the Canadian Broadcasting Corporation purchased land in the Sackville area of New Brunswick?

2. If so, from whom and what amount was paid for each parcel?

Hon. Gérard Pelletier (Secretary of State): I am informed by the C.B.C. as follows: 1. Yes.

2. Albert R. Anderson, $25,000; Tantramar Enterprises Ltd., $5,000.

*PORTAGE LA PRAIRIE AS DESIGNATED AREA

Question No. 2,439—**Mr. Diefenbaker:**

Will the government give favourable consideration to having the City of Portage la Prairie named a designated area?

Mr. Russell C. Honey (Parliamentary Secretary to the Minister of Regional Economic Expansion): Mr. Speaker, the proposed new legislation on industrial incentives provides for the designation of regions after consultation with the provinces. Exploratory consultations with Manitoba have taken place but no decision can be made until parliament has passed the legislation.

PROMOTIONS OF REGULAR FORCE OFFICERS

Question No. 2,440—**Mr. Robinson:**

1. How many (a) Captains (b) Majors (c) Lieutenant-Colonels (d) Colonels (using the new Canadian Forces nomenclature) were promoted one rank in 1967 and in 1968 in the regular force?

2. How many, by corps, of those appointed in Part 1 are of (a) French origin (b) English origin (c) speak French only (d) speak English only (e) are bilingual?

Mr. D. W. Groos (Parliamentary Secretary to the Minister of National Defence):

1.

	(a)	(b)	(c)	(d)
1967	569	161	54	22
1968	261	105	47	11

2. Without conducting a survey, and a perusal of all the confidential personal files of the officers concerned, it is not possible to provide an accurate answer to this question and the necessary expert staff are not available to undertake the large amount of work which would be required to gather this information.

AVERAGE AGE OF WAR PENSIONERS

Question No. 2,442—**Mr. Robinson:**

1. What is the average age of war pensioners?

2. How many war pensioners are (a) over 80 years of age (b) 70-79 (c) 60-69 (d) 50-59 (e) 40-49 (f) 30-39 (g) 20-29 (h) under 20 years of age?

Hon. Jean-Eudes Dubé (Minister of Veterans Affairs): 1. World War I, 76.5; World War II, 54.5.

2.

	World War I	World War II
(a)	6,393	568
(b)	19,722	5,977
(c)	475	18,548
(d)	0	45,289
(e)	0	34,075
(f)	0	1
(g)	0	0
(h)	0	0

USE OF SODIUM CYCLAMATE

Question No. 2,460—**Mrs. MacInnis:**

1. Are there any restrictions on the use of calcium or sodium cyclamate as an artificial sweetener?

2. Has the government any plans to have the labels of soft drinks indicate the cyclamate content and to state daily maximum quantities that should be taken by adults and by children?

3. Has a report been prepared on cyclamates for the Minister of National Health and Welfare?

Hon. John C. Munro (Minister of National Health and Welfare): 1. Yes. Artificial sweeteners may be used only in special dietary foods recommended for carbohydrate or calorie-reduced diets and only if the food carries on the label a statement to the effect that it contains an artificial sweetener. Owing to these restrictions, artificial sweeteners are used in fewer foods in Canada than in the United States.

2. No. The Food and Drug Directorate is, however, carefully reviewing all aspects of the use of the cyclamates with regard to the need for greater control over the levels of use and more prominent labelling of foods containing these substances.

3. No. However, the Minister of National Health and Welfare is kept fully informed on the status of the cyclamates on a continuing basis.

CANADIAN FORCES OFFICERS SELECTED FOR STAFF COLLEGE

Question No. 2,465—**Mr. Robinson:**

1. How many Officers of the Canadian Forces were selected for Staff College in each of the years 1967 and 1968 respectively?

2. How many of those in Part 1 are of (a) French origin (b) English origin (c) speak French only (d) speak English only (e) are bilingual?

3. What was the average age of the Captains selected to take the Staff Course in each of the years 1967 and 1968 respectively?

Mr. D. W. Groos (Parliamentary Secretary to the Minister of National Defence): 1. 1967, 183; 1968, 172.

2. (a) and (b) Without conducting a survey and a perusal of all the confidential personal files of the officers concerned, it is not possible to provide an accurate answer to this question and the necessary expert staff are not available to undertake the large amount of work which would be required to gather this information; (c), (d) and (e) This information is not readily available for 1967 and the remarks pertaining to (a) and (b) above apply. For 1968 (c) nil; (d) 131; (e) 41.

3. For 1967 see remarks above. For 1968, 31⅓ years.

QUESTIONS PASSED AS ORDERS FOR RETURNS

SIGNING OF INTERNATIONAL GRAINS ARRANGEMENT

Question No. 1,798—**Mr. Gleave:**

1. When was the International Grains Arrangement signed and which were the member countries of this Arrangement?

2. What were the agreed provisions of this Arrangement?

3. When did the Canadian Wheat Board find out that certain member countries were not living up to the agreement?

4. Which were those member countries?

5. What is the estimated loss in markets for Canadian wheat due to member countries breaking the International Grains Arrangement?

Return tabled.

P.E.I.—REQUEST FOR INFORMATION ON POTATO INDUSTRY

Question No. 2,206—**Mr. MacDonald (Egmont):**

1. What reduction is expected in potato acreage in Canada in 1969?

2. Where is it expected to occur and in what amounts?

3. What was the average return to Prince Edward Island potato producers from 1958 to 1968 inclusive?

4. Since 1960, in what years has federal assistance been provided to the Prince Edward Island potato producers and what was the average amount of assistance to the Prince Edward Island producer?

5. What representations have been made to the federal government affecting the price of marketing of potatoes (a) by whom have these representations been made (b) what has been the decision of the government with respect to these proposals or recommendations?

Return tabled.

ANNOUNCEMENT OF AID TO NIGERIA AND BIAFRA

Question No. 2,255—**Mr. MacDonald (Egmont):**

1. On what dates was it announced that Canada would send relief to Nigeria and Biafra?

2. What means have been used to transport this relief?

3. On what days did this relief depart from Canada, from what ports, with what cargo specifically, when did it arrive and where?

4. How was this material obtained, was it donated and if purchased, were tenders called and, if so, what was the amount of the various tenders?

5. How has this food been distributed?

6 How much is it estimated is still in storage at ports of reception?

7. How much is still awaiting to be shipped from Canada?

8. Has it been found that any of the food has been damaged or unusable and, if so, how much and what has been the cause?

9. Is it contemplated that further aid will be sent, on what date, what kind and in what amounts?

Return tabled.

ESTIMATED BUDGETARY REVENUE

Question No. 2,394—**Mr. Howard (Skeena):**

1. What is the estimated budgetary revenue of the federal government, by source, for the fiscal years ending March 31, 1969 and March 31, 1970?

2. What is the estimated revenue from excise taxes on alcohol and tobacco for fiscal years ending March 31, 1967, 1968, 1969 and 1970?

3. What are the estimated revenues and expenditures of the Canada Pension Plan during fiscal years ending March 31, 1969 and 1970?

4. How much money was invested in the bonds of each province (to the nearest possible date)?

5. How much money was paid to British Columbia under the terms of the Hospital Insurance and Diagnostic Services Act during the fiscal years ending March 31, 1965, 1966, 1967, 1968, 1969 and 1970?

Return tabled.

ORAL QUESTION PERIOD

CONSUMER AFFAIRS

BEEF—ALLEGED INCONSISTENCY IN MINISTERIAL REACTION TO HIGH PRICES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister a question which I am sure he has anticipated and will welcome. Was the Minister of Agriculture stating the policy of the government when he expressed his delight with the high prices of beef and said that Canadian consumers should treat the beef price increase as an investment in their future, and that any boycott by consumers would only discourage expansion and make the situation difficult? Is this the present policy of the government?

Right Hon. P. E. Trudeau (Prime Minister): I could not say it is a policy that was hammered out at great length, but it was a spontaneous and I think right reaction on the part of the Minister of Agriculture.

Mr. Stanfield: Was the Minister of Consumer and Corporate Affairs stating the policy of the government when he said, as reported at page 9814 of *Hansard*, that he applauds the suggestion that consumers should boycott steaks and roasts to force down prices?

Mr. Trudeau: Mr. Speaker, I cannot say whether the policy was hammered out at great length, but it was the spontaneous reaction of the minister.

Some hon. Members: Hear, hear.

Some hon. Members: Oh, oh.

Mr. Stanfield: Mr. Speaker, I wonder whether it is the intention of the government to continue this kind of dialogue with the public with a view eventually to reaching a decision—

Mr. Speaker: Order, please.

Mr. Stanfield: —or is it the government's intention to try to please everybody at once—

Mr. Speaker: Order. I must interrupt the Leader of the Opposition to remind him and other hon. members that we are now anticipating an order of the day. I understand that the subject raised by the Leader of the Opposition is to be the subject of debate later today.

Hon. George Hees (Prince-Edward-Hastings): I have a supplementary, Mr. Speaker. Is this not—

Mr. Speaker: Order, please. The hon. member for Nanaimo-Cowichan-The Islands.

DRUGS

RESTRICTIONS TO PREVENT SALES INVOLVING RISK TO PATIENTS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare following up a question I asked last week with reference to the drugs which have been designated by the food and drug administration of the United States as being ineffective or even dangerous to patients. At that time the minister said the United States had not acted on these drugs. Since that time 49 drugs have been banned in the United States on the grounds that they were dangerous to patients. I should like to ask the minister whether the investigations of his department and consultations with the United States food and drug administration have led him to make any decision in respect of banning the same drugs here in Canada?

Hon. John C. Munro (Minister of National Health and Welfare): No, Mr. Speaker. I did check with the Food and Drug Directorate this morning in order to reply to the hon. member, and I would advise it is our feeling that the story the hon. member is quoting is erroneous. I would reiterate that the drugs in question have not been banned, but that their manufacturers have been given up to 40 days, —and I do not believe this time limit has expired,—to establish that the claims in respect of the drugs can be verified or substantiated. If they do not do so within that time, then perhaps action along the line of banning them will take place.

We are watching this situation carefully and we are in touch with the drug authorities in the United States. I should reiterate that this really does not involve a question,—although it is a point,—that affects the safety and health of the individual, but rather a suspicion that there might be claims in respect of some of these drugs which cannot be substantiated.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, in view of the fact the food and drug administration of the United States has ordered them to cease sale of these drugs within the 40 days, and in view of the

fact the food and drug administration has found that the drugs can cause anything from alergic rashes to death on the part of patients, will the minister assure the house that his department is watching the situation carefully and will take steps to remove these drugs from the Canadian market, if the result of his investigations substantiates the result of investigation in the United States?

Mr. Munro: Mr. Speaker, if the investigation going on in the United States indicates this, I can assure the hon. member that this will be the course taken by the Food and Drug Directorate and the government. Let me reiterate that in our opinion as a result of investigations we have conducted to date we have an indication that the drugs in question, some of which are produced in Canada, cause no such ill effects.

[*Translation*]

EXTERNAL AFFAIRS

ACTIVITIES OF VIET CONG WOMEN VISITING CANADA

Mr. Réal Caouette (Témiscamingue): In the field of another drug, Mr. Speaker, I would like to put a question to the Prime Minister.

Is he aware of the coming to Canada, by the end of June, of eight Viet Cong women who have been invited by the Voice of Women of Canada, with the special purpose of promoting the Viet Cong in Canada? Is the government taking steps to watch those women during their stay in Canada since they will move about quite freely, according to some reports?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker, I think I was informed of that visit some time ago, and it is in keeping with the policy of the government to let people in to permit the free exchange of ideas, but as is suggested by the hon. member, we expect them to come for the purpose of contributing to the exchange of ideas, and nothing else.

Mr. Caouette: I have a supplementary question, Mr. Speaker.

Does the Prime Minister intend to adopt the same attitude toward the Viet Cong women as the one he had toward a certain French delegate who came to Winnipeg not so long ago and who was closely watched by the Prime Minister?

Mr. Trudeau: A certain delegate, Mr. Speaker—

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

[*English*]

MAINLAND CHINA—REPRESENTATIONS BY MINISTER AS TO CANADIAN RECOGNITION

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is designed to relieve the feelings of Canadians who are concerned about the trip being taken by the Secretary of State for External Affairs. Would the Acting Secretary of State for External Affairs tell the house whether the Secretary of State for External Affairs has been able to catch up with an elusive Chinese communist in order to humbly present Canada's desire to recognize communist China? Have we an acting minister today?

Mr. Hees: They don't know who it is.

[*Translation*]

Mr. Jean-Pierre Goyer (Parliamentary Secretary to the Secretary of State for External Affairs): Mr. Speaker, there is nothing to add to the statement of the Secretary of State for External Affairs.

[*English*]

THE MINISTRY

REPRESENTATION FROM TORONTO AND MONTREAL

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. Is it his intention in the near future to give metropolitan Toronto, which is at present represented by two members of the cabinet, equal representation with metropolitan Montreal which has five members in the cabinet?

Mr. Speaker: The hon. member for Fundy-Royal (Mr. Fairweather).

Mr. Hees: Mr. Speaker, can we take it that the Prime Minister does not intend to deal fairly with the great metropolitan city of Toronto? Obviously he does not, because the representation is five to two.

EXTERNAL AID

BIAFRA—RED CROSS ROLE IN PROVIDING RELIEF

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a question for the Prime Minister that does not concern Viet Cong ladies or representation in the cabinet. I am sure he will be glad to note that. Will the right hon. gentleman say if it is now the position of the government that the Red Cross is, in the words of the federal Nigerian government, "an intolerable nuisance and a

major obstacle to peace" in the Nigeria-Biafra war?

Right Hon. P. E. Trudeau (Prime Minister): Obviously, Mr. Speaker, this is an opinion of the head of the Nigerian government, and he did not consult the Canadian government before making that statement.

Mr. Fairweather: I have a supplementary question, Mr. Speaker. Now that the Red Cross is unfortunately paralyzed in its relief efforts, will Canada use other relief agencies such as Canairelief to further the essential movement of food and medicine into that country?

Mr. Trudeau: Mr. Speaker, we have no reason to believe, and I doubt whether the hon. member has any reason to believe, that this other form of relief would be more welcome to the Nigerian government than the Red Cross.

Hon. Robert L. Stanfield (Leader of the Opposition): A supplementary question, Mr. Speaker. In view of what is reported to be the attitude of the government of Nigeria toward the agency the government of Canada has used to bring relief to starving people in that country, has the government of Canada considered making any representation to the government of Nigeria with respect to this matter?

Mr. Trudeau: Not at this time, Mr. Speaker.

BIAFRA—NIGERIAN BOMBING OF CIVILIANS

Mr. Andrew Brewin (Greenwood): A supplementary question, Mr. Speaker. I wonder whether the Prime Minister or the government would consider making representations to the federal government of Nigeria about the resumption of the bombing of defenceless civilians within Biafra.

HEALTH AND WELFARE

NORWAY HOUSE, MAN.—HOSPITAL SERVICES—INQUIRY AS TO ISOLATION POST ALLOWANCE

Mr. Robert Simpson (Churchill): Mr. Speaker, I have a question for the Minister of National Health and Welfare. Is it the intention of the government to reduce the isolation post allowance for Norway House, Manitoba, despite the fact that the present allowance does not meet the increased cost of living in that area?

Mr. Speaker: Order, please. I suggest to the hon. member that this question could well be debated at the time of adjournment. If there is urgency, and the hon. member will give me notice, I will see that his question gets precedence.

Mr. Simpson: Could I rephrase my question, Mr. Speaker? This is a very important matter. At a period of time when most people are asking for increased wages, these government employees are apparently in danger of losing part of their allowance. Is it the intention of the government to reduce the isolation post allowance for Norway House, Manitoba?

Mr. Speaker: Order, please. I suggest that even as rephrased the question asked by the hon. member should normally be considered at the time of adjournment. As I said, I would be pleased to co-operate with him to ensure early consideration of the matter.

OLD AGE SECURITY

REQUEST BY COMMITTEE OF WOMEN FOR PENSION INCREASE

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. When the representatives of the senior women's committee for a pension increase interview him tomorrow, will he, in addition to the courtesy that I know he will extend to them, give favourable consideration to their request for an increase in the old age security pension to $125 a month?

Hon. John C. Munro (Minister of National Health and Welfare): I can assure the hon. member that I will take note of his representations, and in view of the representations made to the government in this respect I wish to reiterate that the whole subject matter of this program and other social welfare programs is under review.

Mr. Knowles (Winnipeg North Centre): May I ask for how long?

INDIAN AFFAIRS

ST. REGIS RESERVE—DUTY FREE IMPORTS

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, may I address a question to the Minister of National Revenue. Is it now the policy of the government to allow the Indian people who live at the St. Regis reserve at Cornwall to bring goods into Canada from the United States duty free?

Hon. Jean-Pierre Côté (Minister of National Revenue): No, Mr. Speaker.

Inquiries of the Ministry

CONSUMER AFFAIRS

REQUEST FOR RECONVENING OF COMMITTEE

Mr. Barry Mather (Surrey): Mr. Speaker, may I address a question for the attention of the Minister of Consumer and Corporate Affairs. Having in mind the further increase in the cost of living of .02 per cent indicated by the Dominion Bureau of Statistics, is the minister giving consideration to reconvening the Consumer Affairs Committee?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, in answer to a similar question the other day I said that the hon. member should watch the order paper very carefully.

GRAIN

TWENTY CENTS PER BUSHEL ON DELIVERED QUANTITIES AS RELIEF MEASURE

Mr. John L. Skoberg (Moose Jaw): I have a question for the right hon. Prime Minister. In view of the statement of the Minister of Revenue on June 6, that he was prepared to accept grain from western farmers in lieu of cash, and in view of the symbol of desperation which I have here to send across to the Prime Minister from a western producer on behalf of many farmers, will the government now agree to the payment of at least a minimum of 20 cents a bushel on last year's delivered grain as immediate relief of the disaster facing our agricultural economy?

Mr. Speaker: Order, please. I have to bring to the attention of the hon. member that it is not in accordance with the rules or traditions of the House of Commons for members to produce the type of exhibit which the hon. member has with him at the present time. This is not a recognized practice. If we allowed hon. members to produce such exhibits, we would get ourselves involved in a position where perhaps all too often hon. members would want to table dead fish, herrings or red herrings, damp grain or wild oats. I therefore invite the hon. member to have his exhibit removed.

Mr. Skoberg: Mr. Speaker, I rise on a point of order. The reason that I thought this to be very important was that the western farmers do not wish to be left holding the bag, and I have asked that this be personally deposited before the Prime Minister today.

Mr. Speaker: Order, please. This can be done outside the House of Commons.

[Mr. Côté (Longueuil).]

Right Hon. P. E. Trudeau (Prime Minister): May I speak on the same point of order, Mr. Speaker. It might simplify things if I had the house leader discuss with the leader of the New Democratic party ways whereby the salaries of the members of that party could be paid with this grain.

Mr. Speaker: Order, please.

Hon. Robert L. Stanfield (Leader of the Opposition): Speaking on the same point of order, Mr. Speaker, it is going to make things very difficult for the government if you rule that red herrings cannot be brought into the house.

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, I rise on the same point of order. I am sure all members of the house will recall the time of the budget speech before the last one, when the Prime Minister toted a flower into the house.

Mr. Speaker: Order, please. If hon. members wish to look at precedents, there is a precedent precisely on that point when one of my illustrious predecessors ruled that members could not bring into the house baskets of peaches and similar exhibits, but that an exception could be made in the case of the Prime Minister and the Leader of the Opposition wearing a flower in the chamber.

Mr. MacInnis: The only difference is that on this day the flower was not worn, but rather sniffed all evening.

Mr. Speaker: Order, please. May I suggest to hon. members that we should revert to business before the house.

TAXATION

POSSIBILITY OF CONSTITUTIONAL AMENDMENT TO REGULATE FEDERAL AND PROVINCIAL FIELDS

Hon. Robert L. Stanfield (Leader of the Opposition): I should like to ask the Prime Minister a question arising from the apparent agreement at the federal-provincial conference that parliament and the provincial legislatures should generally have access to all tax fields, with the exception of customs duties and perhaps one or two other duties. I wish to ask the Prime Minister whether he would indicate if it is the intention of the government now to seek an amendment to the constitution to implement this agreement, and if so, how does the government propose to go about implementing an amendment?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if the Leader of the Opposition had been following the documents on the constitution which we have been tabling he would realize now that all these constitutional conferences are part of the total package which will be discussed in due course. We have to take one thing at a time. It is not the intention of the government to implement constitutional amendments bit by bit.

[*Later:*]

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): May I ask the Prime Minister a supplementary question, Mr. Speaker? Is the federal government proposing to open up the field of indirect taxation to the provinces, and if so will this be with regard to a restricted area of goods, or to any goods which the provinces choose to tax through indirect taxation?

Right Hon. P. E. Trudeau (Prime Minister): I repeat that the position of the federal government will be tabled at greater length in a few days. But to give a brief answer now, if there were a constitutional amendment permitting the provinces access to the indirect taxation field it would be generally restricted to taxes within a province. In other words, there would have to be constitutional measures to prevent a province using an indirect taxing authority to tax consumers in other provinces.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I take it, then, that taxes could be levied on any goods a province chooses to tax, provided the tax is levied within the province—that there would be no restriction on the kind of goods to which the tax might apply.

Mr. Trudeau: That is right, Mr. Speaker.

HUMAN RIGHTS

REQUEST FOR STATEMENT ON ENTRENCHMENT OF PROVISIONS

Hon. Robert L. Stanfield (Leader of the Opposition): A supplementary question with regard to the whole package. Perhaps the minister could help bring us up to date by making a statement on motions either now or on an early occasion as to how matters stand with regard to the proposed entrenchment of provisions concerning human rights and other rights, a subject which apparently was to have been discussed recently, and one which was given great prominence in earlier constitutional discussions.

Right Hon. P. E. Trudeau (Prime Minister): The committee of ministers which met to discuss this particular aspect of the constitutional amendments brought a report to the conference last week. The report was received, and authority was given to the committee to pursue this work. Progress was reported, and progress was made.

Mr. Stanfield: I take it then, it is not the intention of the Prime Minister to make any report to parliament as to how matters stand, particularly with regard to this important matter.

Mr. Trudeau: Not today, Mr. Speaker, but if the opposition wishes to use one of its days to debate the constitution, we would welcome it.

Mr. Stanfield: Would not the Prime Minister consider making a report to the house as to how matters stand with regard to progress or lack of progress on the matter of entrenching rights in the constitution so that members of opposition parties may be fully informed and so that we can decide whether or not we ought to provide an opposition day to debate the subject?

Mr. Speaker: It seems to me the Leader of the Opposition is simply restating a question he has already asked.

Mr. G. W. Baldwin (Peace River): Is it the intention of the government to proceed with this or any other constitutional amendment before agreement on an amending formula has been reached? Would the Prime Minister consider this question and indicate whether such a formula might be discussed, rather than reply with flippant and frivolous answers such as he gave the Leader of the Opposition?

[*Translation*]

CANADIAN CONSTITUTION

DATE OF NEXT CONFERENCE—REQUEST FOR TABLING OF DOCUMENTS

Mr. Réal Caouette (Témiscamingue): A supplementary question, Mr. Speaker.

Could the Prime Minister indicate when the next federal-provincial conference on the constitution will be held and whether the officials intend to discuss the problems confronting different areas of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker; we agreed before the adjournment that there would be another

meeting of the premiers before the end of the year, and that in the meantime, the standing committee of officials would convene in order to prepare that meeting.

Mr. Caouette: Mr. Speaker, I should like to put another supplementary question.

Is it the intention of the Prime Minister to table in the house the subjects to be discussed during that conference, whether on an opposition day or a government day? Could he give more details than he just gave the Leader of the Opposition?

Mr. Trudeau: Yes, Mr. Speaker. I said Friday, I think, it was our intention to table shortly, that is in a few days, the federal working papers for the conference. If the opposition parties really want to discuss the constitution issue, they might have to be prepared to devote one of their days to such a debate; we would welcome that.

[*English*]

GRAIN

WHEAT—REQUEST FOR ACREAGE PAYMENT AS RELIEF MEASURE

Mr. S. J. Korchinski (Mackenzie): I should like to direct a question to the Minister of Agriculture, Mr. Speaker. Bearing in mind the announcement that the Wheat Board intends taking in only five bushels this year, taking account of the recommendations of the agriculture committee, and mindful of the fact that the financial position of our farmers has been further aggravated by a crippling frost in the last few days, may I ask whether the government intends to announce any measures of relief, preferably in the form of an acreage payment, a temporary payment at this time, prior to the recess?

Hon. H. A. Olson (Minister of Agriculture): This question has been asked on more than a dozen occasions already in the house. While I appreciate the importance and, in some cases, the urgency of the subject matter which has been raised, I have nothing to add to the answers I have given, namely that this is under active consideration.

CONSUMER AFFAIRS

KENNEDY ROUND—PASSING ON OF LOWER PRICES TO CONSUMERS

Hon. George Hees (Prince Edward-Hastings): I have a question for the Minister of Consumer and Corporate Affairs, Mr. Speaker. Two weeks ago in answer to a question I put to him in this house he advised hon. members that he intended to announce the setting up of machinery requiring importers to pass on in their entirety the tariff reductions which were being brought in by the budget. I understood this announcement was to have been made last week. Can the minister tell us, now, when he expects to make it?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): It is my understanding, Mr. Speaker, that we are to have a debate on this whole subject this afternoon.

Mr. Hees: Mr. Speaker, this is a perfectly straightforward, honest and simple question. We are getting no answers in this house. Ministers sit there smugly. They smile and smirk while we get no information at all. Could I have an answer, now? The public would like to know.

HEALTH AND WELFARE

NORWAY HOUSE, MAN.—HOSPITAL SERVICES—INQUIRY AS TO ISOLATION POST ALLOWANCE

Mr. Robert Simpson (Churchill): I have a question for the Minister of National Health and Welfare, Mr. Speaker. Has the government received protests from the Norway House hospital board, the hospital staff and the chief and band council of the Métis Federation with regard to the possible discontinuation of northern services and, if so, what is the nature of his reply?

Mr. Speaker: The hon. member will recognize that he is asking a question which I suggested to him a moment ago might be debated at the time of adjournment. It may be that I am in error and that this is a matter of urgency, but particularly if it is, the hon. member will have an excellent opportunity to ensure that it is considered at length at the time of the adjournment.

Mr. Simpson: On a point of order, Mr. Speaker. I respect your suggestion that the question might be raised at ten o'clock. However I am asking the minister whether the government has received this protest, and if he would indicate his answer to it I would be in a much better position to decide how to proceed.

ADMINISTRATION OF JUSTICE

HALLUCINOGENIC DRUGS—CONFERENCE TO DISCUSS UNIFORMITY IN SENTENCING

Mr. R. Gordon L. Fairweather (Fundy-Royal): A question to the Minister of Justice, Mr. Speaker. The Minister of National Health and Welfare has announced that a study is to be made of the effects of hallucinogenic drugs. In the meantime, has consideration been given to the holding of a conference of attorneys general to study the question of uniform sentencing in drug cases?

Hon. John N. Turner (Minister of Justice): Consideration is being given to arranging a conference of attorneys general, and the subject suggested might be one for inclusion among the other items on the agenda.

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—FAILURE TO PROTECT CONSUMERS FROM ALLEGED EFFECTS OF INCREASING PRICES

Mr. James A. McGrath (St. John's East) moved:

That this house condemns the Minister of Consumer and Corporate Affairs for his failure to protect Canadian consumers from the crippling burden of ever-increasing prices and, in particular, from the recent exorbitant jump in food and rent costs, despite this house's allocation of nearly $16 million to his department for the main purpose of averting such developments.

• (2:40 p.m.)

He said: Mr. Speaker, perhaps at the outset I might be permitted to offer my personal congratulations to the Minister of Consumer and Corporate Affairs (Mr. Basford)—though I assure him this will be the only compliment he will receive today—upon making at least one positive and outstanding contribution to the future of this country. I refer to the fact that he had a happy arrival in his family today and I accordingly congratulate him.

Some hon. Members: Hear, hear.

Mr. McGrath: Notwithstanding the substantial increase in prices, the minister should at least hand out cigars on this occasion to celebrate, if nothing else, the fact that he will now receive the family allowance.

As I said at the outset, this is about the only area in which the minister can be complimented, because the problem highlighted

in the resolution now before the house is a very serious one. In a very broad sense it refers to the serious problem of the rising inflation now facing Canada.

There is no shortage of analyses by learned economists, businessmen and bankers, and by ministers in the house, not forgetting speeches by the Minister of Consumer and Corporate Affairs, which all have one thing in common: They all seem to be pretending with grim determination to get inflation in this country under control. The many articles in leading journals of this country, the speeches of the Governor of the Bank of Canada, the many editorials written by learned financial columnists all pinpoint in a sophisticated and interesting way the serious problem of inflation.

What should be of the utmost importance to this parliament and to this country, Mr. Speaker, is the grim toll that inflation is taking among the average wage earners of Canada and their families. I refer to the working man who is trying adequately to clothe, feed and house his family in this era of rising prices and spiralling inflation, and to the sad prospect of families going deeper and deeper into debt just to provide what some of us consider to be the bare essentials of life.

In analysing the situation it is interesting to note the response of the government to this very serious problem. The government has responded by raising taxes, supposedly to curtail inflation. All one has to do is to examine every budget that has been brought in by this Liberal government since 1965. Then finally in December 1968 the white paper on prices and incomes was published, and it is interesting to note that it recommended another study group to study a matter that has already received a considerable amount of study in this country. I suggest that is a weak response to this very serious matter. It took six months to name the chairman of the commission and we still to this day have not had the other members named. This points to the fact that this commission has yet to get down to work, for how can it start work when it does not yet its full complement of members?

Thousands of people in this country are suffering today from privation of every kind. There is every indication to the house and to the country that notwithstanding the much heralded just society, with all its great promise, thic governement just does not seem to care. There has yet to be an indication from

either the Minister of Consumer and Corporate Affairs or his colleagues in the government that they view this matter with the gravity it demands. It would appear that the just society is nothing but a hypocrisy, and a shameful hypocrisy at that, because it perpetrates a grave injustice on the working people in Canada who are suffering.

The Leader of the Opposition (Mr. Stanfield) has made a very useful recommendation in this house, namely that we set up prices and wage guidelines throughout the economy. This suggestion was made with the full understanding that it would not be popularly received either by the business community or by organized labour. Yet it is a constructive suggestion, a suggestion that takes into account the severity of the crisis that we are facing in this country today. Granted, it would be only an interim measure, but at least it would be one measure that would break the vicious stranglehold that inflation has on Canadians today.

It might be worth while to refer briefly to some statistics. Food prices in this country have risen steadily since 1965. In that year there was a rise of 2.4 per cent; in 1966 a rise of 3.7 per cent; in 1967 a rise of 3.5 per cent; in 1968 a rise of 4.1 per cent; and as of March this year the indication is there has been a rise of 2.5 per cent, giving a total increase in the cost of living in this country since 1965 of 13.7 per cent.

If I may break those figures down further, it is interesting to note that one of the biggest increases is in the price of food. The cumulative increase in the price of food since 1965 has been approximately 12.5 per cent. The cost of housing has increased since 1965 by 15.4 per cent. The cost of clothing since 1965 has increased by 14 per cent. As far as the cost of shelter is concerned, since 1968—in just one year—rents have increased by 4.2 per cent; home ownership costs by 8.5 per cent; property taxes by 7.2 per cent mortgage interest by 12.4 per cent repairs to houses by 5.2 per cent; and the cost of new houses by 8.2 per cent.

This is a catalogue of the injustices suffered by the working people of this country, the people for whom this government seems to have no regard. Inflation hurts the economy of the whole country, but it has its most severe impact on the average working people of the country, who can least afford to have their purchasing power eroded in this way. I refer to poor people in general, to those people living on fixed incomes and those who must try to survive on the minimum wages throughout the country. These are the people who are being crippled by inflation. They are being crippled by this government's phony war against inflation.

[Mr. McGrath.]

• (2:50 p.m.)

It is obvious to all hon. members, Mr. Speaker, that the pensioners are the ones who suffer from inflation, because they are the people on the real fixed incomes. They cannot control the rapid decline in their income, as a consequence of inflation, and their actual standard of living. It should appear obvious to all hon. members that the plight of these people is to be deplored.

Pensioners are not the only group directly affected. The ability to avoid the burden of inflation depends on the consumer's ability to get more income. The poor of this country, the people who have been referred to as the other Canada, are indeed limited in that capacity. Generally speaking, they fall outside the trade union movement because they are largely unorganized and collectively inarticulate. They have no one to speak for them, save hon. members of this house. They have no one to champion their cause, not even the Minister of Consumer and Corporate Affairs. Certainly they have given up hope in the Prime Minister (Mr. Trudeau) and his just society.

Many of the people I indicated depend upon the minimum wage laws as their only protection. Individual hon. members are familiar with the minimum wage laws in their respective provinces. In my province of Newfoundland, it is $1 an hour for men and 70 cents an hour for women.

Since the last revision of the federal minimum wage laws in 1966, rampant inflation has eroded the value of their protection by over 10 per cent. It is these people we should be concerned about. The pensioners and the poor people are paying the heaviest price for this government's incompetence. Unfortunately this represents too large a proportion of our Canadian society. According to the latest review of the Economic Council of Canada, at least one Canadian in five suffers from poverty. Millions of pensioners must be added to this figure in order to arrive at a realistic consensus of the actual casualty figure.

It appears the minister's sensitivity to the plight of the silent constituency of the poor must be pricked more often by members of parliament, and I hope they will do so in the course of the debate today because hon.

members are their only spokesmen. The suffering poor of Canada are largely invisible. A country as rich as Canada need not and should not tolerate the increasing misery caused for these groups by inflationary price movements, even if that misery is hidden away in old houses, garrets and slums throughout the country. When we think of slums, garrets and inadequate accommodation, we immediately think of rental costs, because the poor of this country have to pay rents. All too often they are exploited by unscrupulous landlords.

Perhaps some statistics should be placed on the record. The consumer price index shows tenant costs have risen by 10.7 per cent from 1966 to March, 1969, with a 4.2 per cent increase between March, 1968 and March, 1969. In one year, Mr. Speaker, there was a 4.2 per cent increase. The Ottawa Real Estate Board reports the following: The present vacancy rate for apartment buildings is about 3 per cent. A 5 per cent vacancy rate would constitute a normal market situation, according to this board. Most of those vacant are of the luxury type with rents running on the average from $170 to $225.

It is a well known statistical fact that most people have to set aside 25 per cent of their income for rental payments in order to have a roof over their heads, but the great majority of the housing available for rent today is of the high priced variety, anywhere from $350 a month upwards. The situation is not expected to improve, since mortgage rates are increasing for the owners and, unfortunately, these increases are being passed along to the tenants by increased rents. The President of the Canadian Association of Real Estate Boards said this:

> Sixty per cent of persons seeking homes do not have the income for one at current prices. Since they cannot qualify for C.M.H.C. loans restricting payments to 27 per cent of income they are forced into rental accommodation where many pay up to 40 per cent of their income.

These are the poor, the unrepresented people of this country. The minister knows of an instance, which was given publicity yesterday in a broadcast in which the minister appeared, of a woman and her six children living in this city of Ottawa. This woman is forced to live in two rooms on the third floor without the amenities, and must pay $120 a month rent because there is no public housing in the city of Ottawa available to her.

The Hellyer task force on housing covered this matter very adequately. It is very interesting to note what the former Minister of Transport found out when he went across the country and visited the slums and ghettos of our cities. He went into the rural blighted areas of this country. He was so deplored and shocked at what he saw that when he came back he said to his colleagues in the government: If you don't do something about it, I cannot in conscience stay on in government. And this is precisely what he did; he resigned. I suggest the Minister of Consumer and Corporate Affairs should take the same exercise upon himself. He should go across this country and talk to the poor people in our cities and rural areas. He can ask them how they manage on their low incomes and rising prices. These people have to pay the same prices as those in the middle and upper income brackets.

They don't manage, Mr. Speaker. If the real truth were known many of them, and especially their children, suffer the consequences of diet deficiencies. This is in Canada in 1969, the first year of the just society. Shame on this government and shame on their so-called just society.

Some hon. Members: Hear, hear.

Mr. McGrath: I will now deal with the area of prices, Mr. Speaker. I am glad the minister is in the house. I am sorry the Prime Minister is not here.

Mr. Woolliams: There is nobody here.

Mr. McGrath: The government attendance in the house is probably indicative of their care for the poor people of this country. The record should show there are only 10 Liberal supporters in the house today with the minister. I say shame!

Some hon. Members: Shame!

Mr. McGrath: What did the Minister of Consumer and Corporate Affairs have to say when he addressed himself to this problem? On June 5 at page 9815 of *Hansard* he said that he applauded the statement by the President of Loblaws that consumers should boycott steaks and roasts to force down prices. The minister did not have to give that advice to the poor people of this country, because they have not been able to buy steaks or roasts for some considerable time. But to those who can afford to buy steaks and roasts the minister suggested that they should boycott them. He applauded the statement of one

of the largest food retailers in the country. He said:

• (3:00 p.m.)

—this statement is completely in accord with the findings of the Special Joint Committee of the Senate and House of Commons on Consumer Credit and Prices—

The minister was the distinguished co-chairman of that committee.

I am not going to quote from the report of the committee, but I do say to the minister that he is adopting the posture of a latter-day Marie Antoinette. The only thing I am sorry he did not say, and I say this for very selfish reasons, was, "If they cannot afford to buy beef let them eat fish."

Mr. Baldwin: And she lost her head too.

Mr. McGrath: As my party's house leader has just indicated, and to this the minister should pay strict attention, Marie Antoinette lost her head.

Some hon. Members: Hear, hear.

Mr. McGrath: I suspect that if the minister carries on in the way he has been he will not lose his head but will lose his department. The rise in the retail prices of beef across Canada is becoming intolerable to Canadians. The price of sirloin steak last week varied from $1.39 per pound in Vancouver to $1.55 in Montreal, $1.59 in Toronto, $1.69 in seven other major cities, $1.75 in Halifax, and was so high in St. John's, Newfoundland, that nobody could afford to buy it.

Although some claim that the main impetus in the price increases comes from the long overdue price increase to farmers, it is grossly unfair to blame the farmers. The president of the Ontario Farmers Union has pointed out that the price the farmers receive for cattle has increased only about seven cents a pound but that beef prices to the consumer have gone up anywhere from 30 cents to 50 cents a pound. In fact he blames the increase directly on the chain stores. The recent increase in the cost of beef substantiates this point. Yet notwithstanding the pleas that have been made by hon. members in this house, and notwithstanding the resolution passed last week at the meeting of the Canadian Association of Consumers, not to mention numerous other resolutions passed in other parts of the country, the government sits idly by and refuses to investigate the serious and dramatic rise in the cost of beef.

[Mr. McGrath.]

Canadian meat packers maintain that they have been operating at a very low profit margin for several years. They claim that they cannot absorb any part of the basic increase in the price of meat without incurring a loss. Consequently they pass on the full increase to the retailer, and it is up to the retailer to adjust his prices accordingly.

But even if the price increase to retailers occurred at an awkward time, just when prices were moving from the winter to the summer pattern, it would be interesting to know why prices at the retail level are higher than those charged by frozen food suppliers. Other hon. members will have a great deal to say about this subject, Mr. Speaker. Some of them represent areas where this problem is of vital concern. Somebody in this country is profiteering, and the minister has the responsibility, under the provisions of the Combines Investigation Act, to find out exactly who it is.

In the course of his remarks in the house on June 5 and during a public affairs program on C.B.C. radio the minister said that this was the very essence of a free, competitive, market economy. The minister's philosophy is that if things are too high in price consumers should seek substitutes or alternatives. If this is the philosophy of the Minister of Consumer and Corporate Affairs, why do we need a Minister of Consumer and Corporate Affairs? If everything is to be blamed on the law of supply and demand, what is the minister's role?

I suggest, and this is becoming increasingly evident, that the minister has followed in the footsteps of that other former illustrious member of parliament, the former Minister of Transport who built an empire for himself before he left the house. All the Minister of Consumer and Corporate affairs has done is create a department and build his own little empire in the bureaucracy of Canada.

Somebody has just suggested to me that we had a similar example a few years ago when the government set up a new Department of Industry. That department was set up in much the same way as the Department of Consumer and Corporate Affairs. It took under its control various functions of government that were being conducted by other departments of government. Then we went the full cycle with the Department of Industry. A few years later the government had to tear the whole thing down, at considerable cost to the taxpayer.

The minister is another empire builder. Canadian consumers looked with real hope to the formation of the Department of Consumer and Corporate Affairs. They looked to the new minister as their knight on a charger in white and shining armour. All they got was a paper tiger. Some tiger—

Mr. Baldwin: Some paper.

Mr. McGrath: And very costly paper. The working men and women of this country continue to suffer from rising prices. They continue to suffer the consequences of every rise in the cost of living index. It is becoming painfully evident that the Department of Consumer and Corporate Affairs has neither the power, the ability nor the inclination to do anything about it.

Within the last year or so several studies have raised serious doubts concerning the adequacy of our retail food distribution system. In most cases the reports dealt with practices that were deemed injurious to the interests of Canadian consumers. In most cases the reports issued a clear call for study and action by the federal Department of Consumer and Corporate Affairs. In all cases it appears that the minister and the government have chosen to do nothing to protect the Canadian consumers.

The first of these reports was that of the Royal Commission on Consumer Problems and Inflation, more popularly know as the Batten report. In December, 1963, the governments of the three prairie provinces jointly established this commission, under the chairmanship of Judge Mary Batten, to study the crippling problem of inflation. The commission received 150 submissions from the public and undertook a number of staff studies into specific questions. The report of the commission, which was made public in the spring of 1968, raised severe doubts about whether the consumer interest was being best served by the existing system of retail food distribution. According to the report the grocery industry is deficient on several important accounts. It may be worth noting them here.

The first point made by the report is that the largest sellers have acquired sufficient power to enable prices to rise above competitive levels, thereby earning excess profits for the large chains. The second point it made is that excessive building of stores has led to sub-optimal rates of utilization of stores. The third point is that the position and power of the chains have led to and require the use of self-cancelling and costly advertising campaigns.

The commission made several recommendations which were of direct relevance to the Minister of Consumer and Corporate Affairs. It might be worth while to remind him of these recommendations. It recommended that the governments of the three prairie provinces request an immediate investigation of the grocery retailing industry, under the Combines Investigation Act. Furthermore, the commission recommended that the three prairie provinces urge the federal Department of Consumer and Corporate Affairs to examine ways of eliminating the possibility of wasteful advertising and to prevent the use of advertising in the defence and fortification of positions of industry control. What has the minister done about this? How has he met this request?

• (3:10 p.m.)

As was to be expected the report of the commission stirred up some controversy. One of the grocery chains in western Canada published a vigorous denial of the charge that it had made any excessive profits in any area of Canada. But surely in this period of rampant price increases the consumers of this country deserve to know the truth from the minister who has the power to provide it.

Mr. Stanfield: They have not exactly handed out a policy.

Mr. McGrath: As the Leader of the Opposition (Mr. Stanfield) says, they have not exactly handed out a policy to cope with this situation.

Mr. Speaker: Order, please. I must interrupt the hon. member to advise him that his time has expired. If he has the consent of the house he may continue.

Some hon. Members: Continue.

Mr. McGrath: I shall not detain the house, Mr. Speaker, and I thank hon. members for their indulgence. It should be noted that the implications of this report are relevant to all regions of Canada. It is a year now since these reports and their disturbing evidence became available. Yet what has the minister done? Perhaps it might be worth while to place on the record the final statement in the report on a study made by a University of Alberta research team:

—concern is shared (with the Batten Report) for the adequacy of the retail food distribution system. Our results substantiate certain Batten Commission

results with no important areas of disagreement. We concur in the conclusion that a closer examination is warranted. To ignore the Batten report is to reject it.

That is exactly what the minister has done, Mr. Speaker. Other hon. members will be contributing to this debate during the course of the day, but before I take my seat perhaps I might ask the minister, before he gets too bogged down in telling the house about the tremendous machine he has built up around him in the new Department of Consumer and Corporate Affairs and before he starts giving statistics to the house to refute some of the things I have tried to say, to bear in mind one thing which should be the overriding consideration in everything he has to say today. It is the average Canadian, the working men of this country, the poor of this country and the regionally dispossessed of this country who continue to suffer from the consequences of rising prices and spiralling inflation.

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, on behalf of the New Democratic party I rise to support the motion of the official opposition which stands in the name of the hon. member for St. John's East (Mr. McGrath). I believe the hon. member has made an excellent summary of the underlying conditions across this country and what the rising cost of living means to the many groups of people with moderate or low incomes. He referred to the fact that the former Minister of Transport had built an empire. If this is true I believe that the Minister of Consumer and Corporate Affairs (Mr. Basford) has gone him one better because he has founded a dynasty. Of course he did not do it alone. I wish to urge him to extend the congratulations of all of us in this group to his partner in this enterprise. I am glad he has had this achievement because I am going to score him now for some of the other things he has failed to do.

The cost of living is up again. The figures have been given by the hon. member who has just spoken. I remind hon. members that the figures for May this year show that the overall cost of living is up 4.7 per cent over May, 1968. The cost of food is up 4.2 per cent. Housing is up 5.3 per cent and transportation is up 5.2 per cent These increases are a devastating indictment of the government's failure to deal with the cost of living and prevent it rising still higher.

Much has been said about the spectacular rise in the price of beef in recent weeks. Undoubtedly this is a matter of concern to the consumer. Once again the boycotters are on the march with the minister in the role of cheerleader but, regrettably, from the sidelines. It would be a mistake to consider that all that is at stake is the price of beef. This is only one item in the whole broad spectrum of the rising cost of living which makes life a constant irritation for all Canadians and is a growing nightmare for those on low income. The people in comfortable middle-class circumstances find this irritating, but the people in the low income group find it a growing and terrible nightmare because they have no slack with which to cope with it.

The minister says that his job is to protect the consumer. He says that the trouble is that everyone wants to eat steaks and so the price must rise. He sees his role as one of advising the consumer to buy cheaper meat, perhaps hamburger. But what about the tens of thousands of Canadians who have never been able to afford steak and now see their hamburger costing close to $1 a pound? I remind the minister that these people cannot eat his advice any more than the people of Paris could eat the advice of Marie Antoinette when they could not get bread and she advised them to eat cake. I say that if the minister is to protect the consumer his job is to find out why the price of beef has risen so dramatically and why the whole cost of living has risen so dramatically and steadily. Who is responsible? Who is getting the profit?

Much has been made of the fact that we have two ministers whose opinions are at odds. The Minister of Consumer and Corporate Affairs has been urging consumers to boycott beef and at the same time the Minister of Agriculture (Mr. Olson) has been greeting the substantial rise in the price of beef with loud hosannas.

I do not think anyone believes the farmer is responsible for the rise in the cost of beef or other meats. I do not believe it. I do not think that even the Minister of Agriculture believes it. I believe a great many people have failed to note page 2 of the statement of the Minister of Agriculture. On page 1 he says that he is delighted that beef prices are high and rising. But when you turn to page 2 you see these words:

Mr. Olson said he hopes most of the current price increase is passed on to farmers, because they are the ones who must make the basic adjustment if supply is to meet demand.

This has not always been the case. During the past 20 years, farmers have been receiving less and less of the dollar consumers spend on beef.

In 1949, they were receiving 68.5 cents of every dollar consumers spent on beef. In 1966, it was 54 cents.

I would like to know what it is now and so would the Canadian public. The Minister continues:

We don't have to search far to find out where the extra margin is going. Everyone involved in getting meat from the farm to the store shelf has had an increase. The farmer has not; yet it's the farmer who needs the money to produce the amount and quality of beef we want to buy in our stores.

• (3:20 p.m.)

So there is no use making a scapegoat of the farmer or saying, "Poor farmer, he has waited so long for this increase and now he will get it". Even the Minister of Agriculture is just uttering a pious, forlorn hope that most of the increase will reach the farmer, because he knows that in the past such has not been the case. No one believes the farmer is responsible for increasing the price or that he will receive the benefit. Who, then, is responsible? I heard a broadcast the other day which indicated that speculators have found their way into this industry, too, that people with a few dollars to invest are buying cattle in the final stages of preparation for market—cattle in what the broadcaster termed "cattle boarding houses"—and are making a nice and speedy profit on the transaction. If this is going on the public has the right to know. If there is gambling in food futures the people have the right to know. Gambling in food futures must stop. The minister and the minister alone is responsible for ferreting out the facts. These are facts we must have.

I could go on to document various examples of rising prices. I have here in my desk a tin of sandwich paste, although I cannot display it because you have precluded such action, Mr. Speaker. Around the first of April it was selling at two tins for 27 cents. The price rose, and I can show this on the tin, to two tins for 39 cents as of May 27. Part way through this exercise a correspondent wrote his member of Parliament who duly communicated with the Department of Consumer and Corporate Affairs. The minister replied in part:

—considerable variation has occurred in the prices of the above product, due mainly to a price war among chain stores during the latter part of 1968 and the beginning of 1969.

He also stated that the company in question had provided specials during the last few months of 1968 in order to meet competition. He then added:

It would appear that the two factors combined resulted in certain chain stores retailing Cordon Bleu meat paste at two for 27 cents for a period of time, after which the price returned to a selling level of two for 35 cents.

However, Mr. Speaker, the price did not stay there. On June 10 the same consumer said that since he had received the minister's answer the price had gone up from two for 39 cents on May 27 to two for 49 cents. I will let the minister have a look at this tin any time he wants to. This happened in two stores in the same town. The correspondent came to several conclusions. First of all he says there is no price war, minister or no minister, when you find the price going up and up steadily in more than one store. This means something else is at work. Second, he came to the conclusion that the profit on this sandwich paste must be in the neighbourhood of $1,000 per ton. When he remembered the big fuss and the investigation started by the late President Kennedy over the price increase of $6 per ton for steel, words failed him, and perhaps it is just as well.

He came to another conclusion, namely, that a very different attitude is taken in the matter of wage increases compared to price increases. He stated:

—as an employee our wages are greatly discussed before the annual working agreement is signed. It is then binding for one or two years, according to the marginal increase allowed.

This man is a trade unionist, and trade unions are not allowed to raise their wages at will. They have to go through a long period of discussion and red tape of various types during the collective bargaining process before any increase can be obtained.

What I want to know is this: If wages can be controlled in this way, why not prices? If wages can be held steady for one or two years after due deliberation and investigation, why not prices? These are the questions the public is asking the minister, but I regret to say that the minister is ducking them. The minister ducks for cover behind anything that it is possible to duck behind. The minister ducks behind the Economic Council. He says he cannot do anything until the Economic Council reports, but somehow this seems to be a receding horizon. He says he cannot do anything until the constitution is revamped because jurisdiction is divided with the provinces. The minister gives the impression that the provinces really have the lion's share of

the responsibility in any event. So he ducks behind the constitution.

Is there anything to prevent the minister from sitting down, and discussing the problem with the provinces and then coming to an agreement? If there is, I have yet to hear it. The minister ducks behind his Prices and Incomes Commission. I do not know how long it is now we have waited to receive information as to who is to be appointed to the Prices and Incomes Commission. Somehow this too has become a receding horizon. We are getting information in little bits and pieces while the minister, as a means of avoiding action, ducks behind the façade of the Prices and Incomes Commission which is not even set up yet.

I point out that all this new machinery in his department is costing a lot of money. The motion points out that it is going to cost nearly $16 million of the taxpayers' money to set up the machinery for this department to carry out its main purpose. I believe the taxpayers are entitled to see the minister take some kind of action. He may make mistakes, but who doesn't? One thing the taxpayers and the consumers of this country are not going to forgive is inactivity on the part of those who are unwilling to try certain things and simply sit and do nothing because they are afraid to do anything. All this machinery the minister is setting up could be used to good purpose. Somebody has said that the operation of it is exactly like a mill; if nothing is put into it it just grinds wind. I think nothing is being put in.

What are these groups investigating? What are they doing to justify the expenditure of this money? What are they doing to try to hold the price line or bring down the cost of living to the consumer? We have investigated housing, we have gone into transportation and dozens of other aspects of the cost of living which we believe are of concern; yet we have had not one scintilla of evidence that anything is being done about the cost of living. That is what the consumer cannot accept.

The minister evidently realizes how the Canadian public feels about this situation. I think he has a good deal of sympathy for the way they feel. After all, he is a consumer even though, like some of the rest of us, he is a well-padded one. At the Canadian Association of Consumers' annual meeting on June 11 he said:

> Consumers "should" be fighting higher prices. Certainly, if "they" don't fight them, there is nobody else in the marketplace who is going to.

[Mrs. MacInnis.]

I applaud that sentiment but I say that if consumers are going to fight against higher prices and the rising cost of living they deserve help and assistance from the minister. He is in the driver's seat where the controls are that should and could be exercised. Action is needed now in regard to meat prices. The situation in regard to beef prices ought to be another warning signal that the time has come for investigation and action.

Let me pinpoint the necessary steps. None of us wants to be regarded as being purely destructive in our criticism. People are suffering across the country and we want to see something done about it. We gain very little satisfaction in panning a government that is doing nothing. This government is obviously bankrupt of ideas or it does not have the courage to put its ideas into effect. You can take your choice. But we are going to attempt to see that our ideas are passed along to the people who sit in government. I am going to suggest several measures which are not new. They include several that we have urged over and over again. Perhaps they are new because they have never been used. In that sense they are brand new or store new, and they are worthy of a try.

First, there should be an immediate investigation into prices, beginning with beef prices. I am quite sure the farmers would say the same as the auto workers. I am sure they would say: "We do not mind you investigating the prices that we get for beef. Far from it, we want you to do so, but at the same time we expect that all the other people, including the speculators, the dealers, the people who own packing houses, the retailers and the wholesalers, will be investigated too." Wages, profits, prices, returns to the farmers and incomes of all sorts must be investigated in the package deal. Then people will be content to stand or fall by the result of such an investigation.

• (3:30 p.m.)

There must be an investigation into prices. I would rather it were conducted by a House of Commons committee so that the investigation would be carried out by a responsible body elected by the people of this country. If the minister insists on cluttering it up by making it a joint Senate-House of Commons committee, we will have to go along with that, but I see no reason why the investigation could not be carried out by a committee of the House of Commons responsible to this house. If other committees of the house are to

be sitting this summer in order to investigate matters, it is doubly important that one of them should be the consumers committee of the house.

Some hon. Members: Hear, hear.

Mrs. MacInnis: I would consider my summer well spent if I were able to sit on such a committee and investigate this matter. That is an emergency measure. The next step is a permanent prices review board which will not work in the dark of some office where the public cannot get at it. It should be a prices review board before which manufacturers and other agencies will have to appear and justify any price increases they want to make. Let there be light on this subject. It is all this secrecy which creates public mistrust. Let these matters be brought fully before the public.

Rather than introducing half-baked amendments to the Combines Investigation Act that would allow its present restrictive jurisdiction to be interpreted a little more freely, we should bring in measures to afford real protection to the Consumer. The minister should either throw out the Combines Investigation Act altogether and bring in a piece of legislation with teeth in it, or provide the poor old Combines Investigation Act with real teeth that can be used on monopolies, cartels and all the other agencies that are applying a stranglehold to the neck of the consumer.

I say in closing, Mr. Speaker, that we in this corner of the house have sympathy for the minister. We think he has one of the toughest jobs there is. We do not think he yet knows the half of it, because if the cost of living is allowed to creep up and up and pensions and low incomes are allowed to stay where they are, if the gap between income and the cost of living widens, the minister will find he has a great deal more trouble to cope in the future.

Let the minister seek his real allies. His only real allies are the consumers of the country. Let him carry out his work in such a way that the people of this country know what he is doing. Let him turn the searchlight of publicity on what he and the department are trying to do to solve this problem. When the prices committee was set up two years ago the minister said that what triggered it off was the fact that the boycotters had the courage to march and raise a fuss about prices. I tell the minister that the boycotters are again on the prowl. If the minister is wise he will again establish a consumers committee of the house to investigate fully the increasing cost of living. He will proceed from there to have not just study groups, seminars and high level, ivory tower enterprises involved in this question, but he will really get to work, put his back into it and take those steps that are necessary to bring down the cost of living.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, the motion introduced by the opposition is quite relevant to the situation which prevails at this time in Canada. It reads as follows:

> That this house condemns the Minister of Consumer and Corporate Affairs for his failure to protect Canadian consumers from the crippling burden of ever-increasing prices and, in particular, from the recent exorbitant jump in food and rent costs, despite this house's allocation of nearly $16 million to his department for the main purpose of averting such developments.

Mr. Speaker, since the end of the war, that is since 1945, prices have climbed steadily. At that time we had a government led by the Right Hon. Mackenzie King and prices were going up. The Right Hon. Louis St. Laurent succeeded Mackenzie King and prices kept on rising.

In 1957, when a Progressive Conservative government came to power, prices kept going up as usual.

A Liberal government succeeded a Progressive Conservative government in 1963, and prices were still going up.

In 1968, we turned to a government promoting the establishment of a just society and we are still looking for that just society because prices are sky rocketing.

However, this is paradoxical because the Conservatives, who introduce such a motion, fail as usual to suggest a solution.

The hon. member for Vancouver-Kingsway (Mrs. MacInnis), a representative of the New Democratic party, has just made a first rate speech but, as far as a concrete solution is concerned, should we only provide for the establishment of a parliamentary committee to study prices, to inquire in the West, in the East and in the central provinces of Canada in order to see whether it is true that prices are high, that some company is making profits, or that salaries have gone up?

Mr. Speaker, that is not a solution. It is not by creating new committees and by dreaming up new government devices that we shall succeed in keeping prices at a reasonable level.

Failure to Reduce Prices to Consumers

• (3:40 p.m.)

There are solutions and I will give some in a few minutes.

But at the present time, Mr. Speaker, we must bow to the fact that since the appointment of the Minister of Consumer and Corporate Affairs—that department exists only since the beginning of the present parliament—prices have spiralled.

Why was a Minister of Consumer and Corporate Affairs appointed? To conceal the perfidy of a system that crushes and cheats everybody. And while the minister is traveling across Canada, exploiters keep on exploiting people and neither the producers nor the consumers are benefiting but the intermediate bodies that are precisely protected by this government wile, which supports some people protected by the government who manipulate prices.

There is also the deplorable fact of the many strikes Canada cannot afford and which do increase the cost of goods, such as bulding materials. Every now and again there is a strike that leads to higher prices. Union leaders have yet to understand that.

This is so true that when a union—and please note that I am in favour of unions provided their members are respected—obtains a salary increase of 50c. or 75c. an hour for its members, that increase is reflected in a price increase of 75c., 85c. or even $1.00 an hour.

Finally, the consumer always pays, but the union leaders are not always honest enough to explain the situation to their members. That is why we witness the present spectacle that creates misery in the face of abundance.

Mr. Speaker, salary increases are not the only ones that are reflected in higher prices. There is also the drive for bigger profits. But one evil does not cure the other. Both are responsible. Demands must be reasonable. However, the worker must not be blamed for requesting a more decent standard of living.

The situation must be seen as it is and, as I said a while ago, when a 30c. or 50c. an hour increase is granted a worker, prices go up accordingly.

Thus the worker is always losing ground because of the increase in consumer prices.

Mr. Speaker, I said a while ago that the middlemen, the speculators get rich while the producer does not. His situation is even more deplorable. The western wheat growers, the eastern milk producers, the butter producers, the corn producers in Ontario, the producers of textile products in the Eastern Townships, the wood producers in my area or in the areas of British Columbia, in short, those who are really producers are literally robbed just as the consumer is.

[Mr. Caouette.]

On the one hand, the producer is in a bad spot; on the other hand, the consumer has not got the purchasing power to acquire goods or to buy what he needs. And the Minister of Consumer and Corporate Affairs (Mr. Basford) wants to investigate. An investigation on prices. This is not so difficult since we all know that prices are very high. In every field we know that there is a constant increase.

Recently the price of meat, for instance, skyrocketed. This compels the people, especially the poor, to eat baloney or hot dogs, which does not always help to keep the family or the children in good health.

One has to buy cheaper meat instead of the best grade meat which costs too much, molasses instead of maple syrup, and so on.

In any event, Mr. Speaker, with his income, the consumer cannot afford to face the cost of living. What do we, Créditistes, suggest to the government and the minister? That a new inquiry commission be established? That $16 million be spent to find out whether it is true that prices are high?

We know prices are high. So, the minister and the government must take action. To help the consumer, we ask for a compensated retail discount, a discount to the consumer for which the retailer is compensated. That would cost much less than the money spent on inquiries. Thus, the consumer's purchasing power would be increased while protecting the producer and the retailer.

It seems to me that it should be worth a try. But no! Because it is a Social Credit idea, they think it is funny. But, no one else has any solution to offer. Neither the opposition, nor the New Democratic party, nor the government, nobody has any solution. They want to institute inquiries.

People say: this one or that one made a fortune at the expense of the producer and the retailer. There are such cases. But there exist in Canada some laws to take care of cartels, of unscrupulous people, of those who work against the common good. And when a man or a company are caught red-handed, if instead of being fined $25,000, they had to spend 10 years in jail, the results would be different because those people would not want to be imprisoned.

A $25,000 fine is not too painful because the manufacturer immediately increases his prices by 1 or 2 per cent and makes a profit of 50 or 75 million, which helps him pay the fine. Imprisonment is another matter.

This act, that is the Combines Investigation Act, should be applicable to those who work against the common good. But it is not. Why? Because the government is afraid.

For window-dressing, a Minister of Consumer and Corporate Affairs is appointed. This will relieve the consumer and convince him that he can continue to live without eating. This will convince the producer that he has merely to produce and draw a small income. This will convince everybody that the government does not want to act, but the entire population are being put off with fine words by the government and the Minister of Consumer and Corporate Affairs.

Mr. Speaker, the Progressive Conservatives' motion deals with the constant rise in prices, especially the unrestrained increase in food and rent costs.

As for rents, what is being done? Is a laborer who earns $4,000 per year in a position to pay a monthly rent of $175? Poor families are compelled to live in slums and shacks. We see such shacks throughout Canada, a country which is said to be the richest in the world in natural resources.

If you visit the suburbs of Montreal, Quebec, Trois-Rivières, Toronto and Winnipeg, you will see that the problem is not a matter of language, French or English, but of slums throughout the country. When people die of starvation, no matter if they speak English or French, they do not feed themselves with their language. Poor people will eat only if they get food.

That point has not been grasped yet and people are left to their divisions and quarrels. There is talk of decent dwellings and of new legislation on housing. If one wants to build a house today—and the minister is well aware of the fact—the Central Mortgage and Housing Corporation or the insurance companies charge interest rates of 10 or 12 per cent. Under the current interest rate, a $20,000 house payable over a 40-year period will cost $99,900.

• (3:50 p.m.)

I do not believe a word of it when the government says that it wants to fight inflation. Why does the government not allow loans for housing at a maximum interest rate of 3 per cent, that is the administrative costs, instead of loans at 10 or 12 per cent? They say they want to promote the construction of houses, so that payments can be lower. But as interest charges increase monthly instalments, repayment terms are extended from 30 to 40 years. The term is extended so that the consumer will pay more.

Mr. Speaker, not a single Canadian worker can afford the luxury—and it should not be a luxury—of owning his own house today. Even contractors have to borrow money at 9 and 10 per cent because of that system, and there is nothing the government can do.

Once again, the opposition has nothing to propose. They say the government does not behave well. What would they do in its place? Absolutely nothing. They do not know and they offer no solutions.

As for me, I have a solution to propose: housing for Canadian citizens at an interest rate not above 3 per cent.

And here is something even better than that: to truly help Canadians to become home owners, the Central Mortgage and Housing Corporation should get the credit it needs from the Bank of Canada, without interest, as it is done for foreign countries.

I do believe we must help foreign countries, but it is time we started helping the Canadians who build Canada to house themselves properly, to eat properly, to dress properly. For that, there is need of a definite policy, a policy which will make it possible to tackle the problem that holds everything up, that is, the financing problem: there is the rub!

But the government says the same thing over and over again: let us impose new taxes; let us increase taxes.

So we suggest that something must be done to put some order in our finance, in the money of Canada, in the Canadian monetary system and that it is time to stop crushing the producer as well as the consumer in Canada. Thus let us begin by putting some order in the monetary system. Money should truly reflect the wealth of Canada. We must not print money irresponsibly, as the minister already said, with a machine to make money. Money must not be printed in an irresponsible and unrestricted way.

However, we must take into account that it is possible for the Canadian people to make some real achievement in Canada. The government must assume its responsibilities, in connection with the monetary system, and we shall then be in a position to fight effectively

and efficiently the rising cost of living and this shameful exploitation of the Canadian people.

When we speak of the consumer, we mean everybody, not only the miner working for Noranda Mining, in my area, but also the farmer in Beaudry, the people in Val d'Or, the leader of the N.D.P. (Mr. Douglas) and myself. However, Mr. Speaker, we must realize that a pound of butter costs just as much to the follow making $2,000 a year as to the member of parliament who is getting $18,000 a year. Clothing costs the same also and low-income people cannot even think of buying all they need. Why? Because they lack buying power. I suggest two solutions to this problem: either increase the buying power through a divident guaranteed by Canada's productivity, or through a compensated discount on consumer prices, which would benefit the consumer and would be compensated to the retailer who provides the goods and the services.

Mr. Speaker, those are two solutions we recommend. And the minister should consider them because he knows that with the present system he is just running around like a dog trying to bite its tail and never catching it.

So, Mr. Speaker, changes are due, and it is the responsibility of the government and the minister. Our responsibility is to suggest concrete steps to the minister, as I just did.

[*English*]

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, in entering this debate may I first thank the mover of the motion and the hon. member for Vancouver-Kingsway (Mrs. MacInnis) for their kind good wishes to me and my wife on the occasion of an addition to the family over the weekend. I understand there has been some concern in the house; I should like to assure hon. members that he has hair somewhat longer than his father's.

Before going further I should like to congratulate the opposition on what is obviously a new-found interest in the price of beef. One might consider, looking at this motion and listening to the speeches so far, that the question of beef prices and meat prices generally has been one of abiding interest to many members of the opposition for weeks and weeks. Nevertheless, I looked carefully through the record of the budget debate which took place only last week and found that not once was the question of beef prices raised on that occasion.

[Mr. Caouette.]

Again, the estimates of the department must be of some concern, because the motion talks about an allocation of some $16 million to my ministry. Well, my estimates were before the committee a week ago last Thursday, and members of the opposition thought I was doing such a fine job as minister—the program was so good—that they were passed in three hours during which time not once was a question asked about beef prices or about rent costs or about the Prices and Incomes Commission.

Some concern is shown in this motion about rents, which are exceedingly high. I shall not deal with the subject of housing because that is the responsibility of one of my colleagues. I do suggest, however, that more would be done to reduce rents if the house would give third reading as quickly as possible to Bill C-195, reflecting the government's housing program, rather than involving this chamber in the demagogic debate it has heard so far from the opposition this afternoon.

I realize that the hon. member who moved this motion is new to the house, though the hon. member for Vancouver-Kingsway is not. I find it startling that there should be errors in the motion itself. The motion states that the house has allocated $16 million to the department for the main purpose of averting certain unfavourable price developments. I am sorry the opposition is so little concerned about the Department of Consumer and Corporate Affairs as to pay no attention to what is said when estimates are before the committee. It was explained to the committee that some 68 per cent of the budget of the department is offset by its revenues; it is not a complete drain on general revenue as the motion implies. Out of the total budget of the department, some $6.5 million is voted to the corporate affairs bureau, to the operation of the patent office, the trade marks office, the corporations branch and the bankruptcy branch. I would have thought the opposition, bearing in mind its abiding interest in this matter, would at least have secured enough information about the department to have got the figures right.

Nevertheless, I do feel complimented by the fact that the opposition has singled out my department as the one to which its motions should be directed, and has tried to place blame upon me for the high prices of beef, meat generally, food and rents. It seems to me, though, that this is a motion which could just as well have been directed to the Minister of Finance (Mr. Benson), the Minister of Industry, Trade and Commerce (Mr.

Pepin) or to the Minister of Agriculture (Mr. Olson). I can only conclude it was directed to me because members of the opposition felt the Department of Consumer and Corporate Affairs was doing such a good job that they should move a motion to try to destroy some of the popularity it has with the people.

Some hon. Members: Oh, oh.

Mr. Basford: Everyone, including the government, is concerned about the rate at which prices and costs have been increasing in Canada. We are concerned about this both as consumers and as producers in the economy. There is no question that our prices and costs performance in Canada has been unsatisfactory for some time. The consumer price index has been rising in our view, as well as in the view of the opposition, at quite unacceptable rates—rates in excess of 4 per cent per annum.

The burden on the consumer is obvious, but the problem lies much deeper and I think it is good to reiterate this time and time again. As an international trading country our prosperity and prospects for development depend on our ability to sell abroad. Our exports have been running at record levels and we must continue to export at those levels. This means that, as a government and as a country, we have to keep our costs and prices in line with those of other countries. Indeed, we must try to do a little better than other countries and, generally speaking, we have been succeeding.

It is important to look at the situation in which many of our farmers find themselves, having to sell their products in a highly competitive world market when they are able to sell them at all. Yet at the same time the farmers are caught in a vicious cost-price squeeze through which almost everything they buy—their land, their tractors and implements, their fencing and binder twine—is at inflationary prices.

Looking at the question from another angle, let us consider the effects of inflation on personal savings. If our growth and development are to continue we must maintain a very high level of personal savings in Canada, and we cannot allow these savings to be devalued by inflation.

As hon. members have pointed out, this is far more than an economic problem, and we must recognize the importance of it as such. The government and I are also highly sensitive to the human aspect of inflation. Here I am talking about the people the hon. member who moved the motion talked about, those who suffer first and who suffer the most. They are the economically weak, the unorganized, the elderly, the disabled pensioners and the poor. They cannot protect themselves, whereas the well organized and the economically strong can. They have the economic power to keep up with the trend in prices by bargaining for higher wages, by fixing higher professional fees if they are members of a profession, by raising rents if they are the owners of real property. Some businessmen are in a position to pass cost increases along to their customers in the form of higher prices. Unions can strive for a better deal at the bargaining table.

• (4:00 p.m.)

All these things give relief to those with market power, but they only aggravate the problem for others and ultimately for everybody, themselves included. Meanwhile the first and the hardest hit are those Canadians who cannot protect themselves from the effect of higher prices. They are not organized to insist that their incomes match rising costs. They have no power to insist on a fair share.

I have said before and say again that a fixed income must not mean a fixed injustice. People without bargaining power cannot bargain for a better deal. It is no exaggeration to say that every man who irresponsibly raises costs is personally inflicting an injustice on a poor family, on a blind pensioner, or on an elderly retired couple.

This resolution focuses upon the cost of living, a matter of obvious concern to every member of the public. At the outset, however, I would be remiss if I did not state with some force that Canadians, along with citizens of perhaps one or two other countries, enjoy the highest standard of living in the world. This is a fact. It does not, however, deter us from seeking, by all means available to us, to maintain and improve that standard of living for all our citizens in every region of the country.

The cost of living has been going up at an unacceptable rate. The cost of goods to the consumer reflects, in part at least, rising costs incurred by producers and manufacturers. All these costs are, in large part, a reflection of the general upward trend of prices. The stabilizing or improvement of the cost of living, therefore, is to be accomplished by containing the forces of inflation.

Many factors affect the general rate of increase or decrease of the price level. I am,

however, aware that we do not know as much as we need to know about the forces that foster and accelerate inflation. There are those who question that statement, but I think the three speeches to which we have just listened, which contained very few ideas and new proposals in regard to what we should be doing, demonstrate that we need to know more about the problem of inflation and how to alleviate it. It is to increase our knowledge in this field that I am setting up the Prices and Incomes Commission which will study this problem as one of its specific tasks.

I can say, however, that no one department can by itself fully control these forces and no single policy will bring about a solution. It is a complicated problem requiring a combination of sophisticated measures. The government has available to it a range of policy instruments developed over the years, and it is using those instruments. The most important and continuing tool available to meet inflation is, and will continue to be, monetary and fiscal policy.

I think other factors also ought to be mentioned. On the demand side, the rate of growth in federal government spending on goods and services has been sharply reduced and efforts continue to be made to restrain other forms of federal expenditure. Part of the problem is that every time we try to reduce government expenditure by cutting out or by proposing to cut out a program, all hell breaks loose in the opposition and objection is taken to such proposals. Hon. members opposite speak glibly of the need to reduce expenditure, but every time we try to do so we receive nothing but complaints from hon. members opposite.

Mr. McGrath: You will have to do better than that.

Mr. Basford: Efforts have been made to improve the efficiency of the supply side of the market, for example, manpower programs for the training placement, counselling and movement of workers as changes in the structure of demand for manpower take place. We have asked the Economic Council of Canada to undertake a special study of competition policy best suited to contribute to greater efficiency and lower prices. I expect to receive that report this month.

An hon. Member: But you will not listen to it.

[Mr. Basford.]

Mr. Basford: We listen to the Economic Council with a good deal more interest than we listen to the opposition because, judging from their speeches, they do not even read the reports.

Mr. Stanfield: Would the minister permit a question?

Mr. Basford: Certainly.

Mr. Stanfield: If the minister listens so much to the Economic Council of Canada, why does he not follow their advice and establish some form of economic forecasting of the sort they have recommended for about four years?

Mr. Basford: The Leader of the Opposition (Mr. Stanfield) has read the white paper on price stability with interest, and one of its proposals was a short term economic forecasting unit. Therefore in that sense we have accepted the recommendation of the Economic Council of Canada.

Mr. Stanfield: No, you have not.

Mr. Basford: Industrial development programs and research incentives designed to raise productivity are being implemented by the government. In its procurement policies the government of Canada has reorganized and centralized its operations to bring to bear the fullest measure of competition for supply contracts.

Canada's trade policy is being aimed at progressively extending the benefits of efficiency and cost reduction to be realized from international specialization. We are also impressed with the growing importance of wage and salary bargaining in the public sector as a factor in the movement of costs and prices, and we have been exercising for the last year a restraining influence in that area.

It is of particular importance, in my view, to develop the efficient operation of the price mechanism in our economy which in very large part depends upon very well informed consumers and upon the power of consumers to make their preferences felt in the marketplace. This is one of the fundamental objectives of the Department of Consumer and Corporate Affairs. The exercise of market power by informed consumers should have a moderating influence on the movement of prices.

Inflation is a world-wide phenomenon, but let there be no misunderstanding about it: my

colleague the Minister of Finance (Mr. Benson) has, I think, made clear that the government is determined to end this intolerable rate of inflation and control the inflationary pressures in our economy. But unlike what the opposition suggests, this cannot be done by wishing. It cannot be done through simplistic solutions. It requires action on a number of fronts.

As I have explained, the most important of these is fiscal policy. In his recent budget my colleague the Minister of Finance forecast a surplus of $250 million. Lest anyone misunderstand the importance of that surplus let me point out, as he did, that it represents a change from the budget deficit of $566 million in 1968-69, meaning a swing in the economic impact of the budget of almost $1 billion, considerably more than one per cent of Canada's gross national product. I regret that the opposition, which is so concerned about inflation, is putting forward every day in this house some proposal to spend the budget surplus and thus put the government back into a deficit position. These financial measures, combined with monetary policy, are designed to provide a check on inflationary forces, and will ease the strain in capital markets. To keep the brakes on, the government is continuing the existing surtax on personal income tax and corporation income tax for 1968 and 1969 by extending it until December 31, 1970. The deferral of capital cost allowances in overheated areas of Ontario, Alberta and British Columbia is a selective measure to cool down the situation without strangling necessary building.

• (4:10 p.m.)

The budget address also announced tariff reductions to step up the last three stages of Canada's implementation of the Kennedy Round so that they will take effect immediately. This meant an immediate reduction of tariffs averaging about three percentage points on imports valued at $2 billion annually. In adopting these selective tariff cuts immediately, it was the government's view that increased competition would result which would in turn put downward pressure on prices. I was glad to see that some of the opposition members who spoke in the budget debate agreed that would be the case.

Cost savings to manufacturers and distributors should be achieved through the tariff cuts themselves at the same time that imports or the threat of imports places pressure on the domestic market. All this should help keep down prices and benefit the consumer. It is, of course, difficult to forecast with any precision when and how the effects of the tariff reductions will be felt. Indeed, they may be positive effects which can be obscured by unrelated cost increasing factors such as transportation costs, crop shortages, wage increases, and so on.

We hope, however, to do everything within our power to ensure that increased competition are left free to bring about the necessary adjustments. My officials will make every effort to ensure that increased competition is not negated through price fixing or any other form of illegal conspiracy or restrictive practice.

The level of government expenditures is very important and I am sure some of you, if one can judge by opposition speeches, think absolutely nothing has been done in this regard. But the budget surplus did not just happen. The government recognizes the overriding need to keep its fiscal house in order. The opposition seem to forget such things as the end of the winter works program, the decision against proceeding with the Prince Edward Island causeway, the abandonment of the Queen Elizabeth telescope in my own province, the freeze on the public service. The opposition said we needed a surplus, yet opposed cancelling these projects. Over the last year all government programs came under scruting, with reduced expenditures in some cases and in other cases decisions against beginning desirable programs.

It is clear that the government has a major role to play in ending inflation and is determined to do its part. But it is too easy to say, as many do, that this is just a matter for the government. Attitudes in the private sector have to change if we are to bring inflation under control in an orderly way. There is no reason to doubt that governments can stop inflation. But some ways of bringing inflation to a halt are more painful than others. This is where the attitudes of private business, trade unions and individuals will be crucial.

The more restraint people in all walks of life are prepared to exercise in their pursuit of higher incomes the less need there will be for the government to slow down our rate of economic growth. People will have to adjust their sights to the prospect of price stability. What does this mean? It means that businesses should no longer assume that they can increase their prices without danger of losing their market. They should no longer assume that the extra cost of whatever wage

increases they accede to can readily be passed on to the public. They should no longer assume that whatever new investments they may choose to make will pay off through an inflationary rise in demand for their products. It means that errors and excesses can no longer be expected to be painted over by inflation. The chickens will come home to roost. It means that trade unions generally will have to adjust their sights to annual rates of wage increases that are consistent with the rate of growth of productivity in our economy.

The decision, announced in the budget, to accelerate the rate of tariff reduction, indeed to put the whole of the Kennedy Round tariff reductions in force in one step, is designed to introduce more price competition into the Canadian economy at the time when we need it most. This should make a significant contribution to slowing down inflationary trends. Those businesses that are protected by the tariff against external competition are often the leaders in inflationary price increases.

I have talked about the role of government. There is a responsibility on everyone, on all hon. members and the consumers they represent. The individual consumer can make a contribution both to his own welfare and that of others. He must take advantage of a competitive situation, where it truly is competitive. That is to say, he should resist high prices and refuse to buy shoddy merchandise. The committee that Senator Croll and I chaired on consumer prices, of which the hon. member for Vancouver-Kingsway was a member, made the point that consumers can affect the prices of items simply by not buying them if they think the price is excessive, that in many cases there are substitutes or alternatives. This was said in relation to food but is equally true and more pertinent when talking about clothing, credit and loans, furnishings, automobiles; appliances, almost everything the consumer buys. So I urge consumers to inform themselves of the various prices offered, to shop around. If consumers are careless about their purchasing they are going to pay more.

Many consumers are disturbed about the price of beef, which has increased sharply in the last few weeks. I have already made some public statements on this question, but I want to explain briefly how this situation developed.

At the outset, I should emphasize that cattle prices are determined on the North American market and not in Canada alone.

[Mr. Basford.]

We have in this country roughly 10 per cent of the combined Canada-United States cattle supply. Obviously, whether we are exporting or importing cattle, there is going to be a well-defined relationship between prices in Canada and in the major U.S. cattle markets. Choice steers were selling in the United States in February at about $29.50 a hundredweight—that is live weight, Mr. Speaker—but within recent weeks the price has advanced to around $35 a hundred, U.S. dollars. Canadian prices inevitably followed this trend.

One of the reasons for the increase in prices is that cattle numbers in North America have not been increasing fast enough to keep up with the population growth and with the desire of Canadians and the people of the United States to eat more beef. In 1960 the people of the United States ate 99 pounds per capita; in 1968 this rose to 109 pounds and for this year the estimate is 111 pounds. In Canada the estimated per capita consumption of beef in 1960 was 70 pounds, but it has risen now to about 90 pounds. This is partly a reflection of rising income levels during that period. Beef eating, in other words, increases with affluence. There is a seasonal aspect to the recent price increases in addition.

• (4:20 p.m.)

The market naturally adjusts to the changing supply and demand situation. In Toronto in January supermarkets were paying 51 cents to 52 cents a pound for red brand beef sides. By early June the price had increased to 63 cents to 65 cents a pound. Some of the choice cuts make up a relatively small proportion of the total carcass and their scarcity is reflected in the sharp increases for such things as porterhouse and sirloin steaks.

When a situation like this develops some people start looking around for somebody to blame and, depending on their point of view, they will pick on the farmers, the meat packers or the supermarkets. We are facing the consequences of living in a market economy and there is no question that the market will remedy the present shortage even though this will take some time. In the meantime, I have said to Canadian consumers that they should diversify their diet a little more and search around for some substitute for cuts of beef which they think are too high in price. If North American housewives would be more discriminating in their purchases of meat the demand pressure would let up a little. This is a powerful weapon in the hands of consumers and I hope they will use it.

I trust that it will be evident to all from what I have said that any direct intervention by the federal government to control beef prices is not a practical solution. Only a few months ago we had demands from some of the parties in this house that we intervene in the lumber market, and even that we nationalize the lumber industry because of the record prices and market situation. The position in that industry has now been completely reversed. Prices are away down from what they were three months ago, and in some places mills are closing.

I have been reviewing over-all government policy developments. I should now like to outline the specific role of my department in resisting the upward trend of prices.

The Acting Speaker (Mr. Béchard): I regret to interrupt the minister but his time has expired.

Some hon. Members: Let him continue.

The Acting Speaker (Mr. Béchard): Is this agreed?

Some hon. Members: Agreed.

Mr. Basford: I am grateful to the opposition for allowing me to continue. In conclusion I want to discuss the specific role of my department in resisting the upward trend of prices.

It is important that there be a clear understanding of the role of the Department of Consumer and Corporate Affairs. In simple terms it is the department's function to promote the efficient operation of our competitive market economy. I have repeatedly stated in the house that we are dependent for the level of prices of particular goods, as well as the general price level, upon the operation of market forces. Perhaps, therefore, I should state quite briefly what the concept of a competitive market economy means.

In the light of the confusion in the mind of the hon. member who moved the motion I must take this occasion once again to make it clear that this department was not established as an instrument of price control. This was made very clear in the debates at that time, and I hope the hon. member will reread them. The primary purpose of our consumer affairs program is to protect the consumer in the market, to improve his capacity for making choices, and generally to make the market work more effectively. To the extent that we succeed in improving the way the market works we should have some moderating influence on prices, but the general price level will continue to be affected by broad economic forces. These forces are, of course, the concern of the Department of Finance and the Bank of Canada.

I should like to point out that in the short period of 18 months since my department came into existence we have initiated a program of sizeable proportions directed toward the improvement of both the demand and supply sides of the marketplace. I should like to describe this program in terms of two main functions, competition and information.

Several major departments can have an influence on the competitive policy of Canada. However, it falls to my department to be the focal point of competition policy. The Combines Investigation Act constitutes the embodiment of parliament's decision, made as long ago as 1889, to maintain a competitive market economy in Canada by prohibiting collusive and monopolistic restraints on the competitive process by the business community. This act seeks to keep the market free in those areas not otherwise regulated by valid provincial or federal laws.

The market should therefore be kept free to provide for consumers the best choice that can be made available of product, quality and price. Only if these choices are available can the consumer effectively exercise his sovereignty. Only if the market is freely accessible to newcomers will pressure be placed upon older established industries to seek ways to reduce their costs and improve their efficiency and pass on the result of such savings to the ultimate consumer.

One of the mechanisms provided in the act is the ability to reduce or eliminate the tariff on goods that are found by an inquiry to be subjected to restrictive practices, and this is a remedy which I am already seeking to develop. However, this legislation requires much improvement to make it fully effective. The director and his staff require a very significant increase in their resources merely to carry out the work that they have in hand. They, of course, have had to take their share of the government's determined program to reduce the costs of the public service.

Important areas of the Combines Investigation Act are in need of revision to make them more effective for current tasks. This is particularly true in the case of the provisions relating to mergers and monopolies. There is also a gap in the legislation to the extent that it does not cover many services which now make an important contribution to the gross

national product. As hon. members are aware, this whole question is now under study by the Economic Council of Canada which is expected to report this month. When I have received the report, and I give the house this undertaking, I intend to move with all speed toward a revision of these laws. I have already taken preliminary steps within my department to receive the report and commence revising the Combines Investigation Act.

I know that there are some members of the house who feel that we should have a new act right away. I think it would be very difficult to revise the act without first having a report from the Economic Council, and I think parliament would be foolish to consider such a revision until it had that report. The deputy leader of the N.D.P. appeared to agree with that position the other day.

I would like to mention one particular program of my department because I think it shows up the hypocrisy of the opposition this afternoon. As a further contribution to the more efficient operation of the market the government introduced Bill C-102 to weaken, in the case of prescription drugs, the patent and trade mark protection that has contributed in such an important degree to the lack of price competition in this market, and which contributed to the very high cost of prescription drugs. This afternoon we heard great eloquence from the opposition on behalf of the poor people, the people who cannot afford things that are priced so highly. But look at their record on Bill C-102. They opposed it both in this house and in the Senate. Had it not been for the members of the Official Opposition that legislation probably would have been in effect a year ago during which time it could have worked to reduce the cost of prescription drugs. So, Mr. Speaker, I was touched but rather cynical about the opposition's expressions of concern for the poor, remembering their record on Bill C-102.

• (4:30 p.m.)

Six months ago I issued a white paper on policies for price stability in which I reviewed the current trend of prices, and emphasized the need to develop new techniques to supplement fiscal and monetary policy which are the most important means of dealing with such situations. Much has been said this afternoon about this and much has been said by the representative of the New Democratic party concerning the need for a prices and incomes review board. I should like to discuss the Batten report. The hon. member for Vancouver-Kingsway had much to say about the need for a prices and incomes review board, and she has always chided me for not implementing the Batten report. I should like simply to quote the Batten report which seems to be her bible. It states:

> This commission recommends against the creation of prices review boards, price control boards, or guideline policies. These are much more apt to conceal the real problems underlying and causing inflation and to confuse the issues, than they are to achieve any substantial successes.

So I should like the hon. member for Vancouver-Kingsway to reread the Batten report and reread what it suggests should be done. This is the reason we have not had a prices review board. This is why we have stated in the white paper the intention of establishing a Prices and Incomes Commission to examine the various causes of inflation and suggest to the government and the private sector possible courses of action to follow.

Although the inflationary trend is world wide we believe that this measure, the establishing of this commission, will make some contribution toward containing inflation in this country. My view is shared by Dr. Young, the chairman, a prominent and highly respected Canadian economist whose appointment I think has been welcomed by people across the country. In connection with the work of the commission, Dr. Young has said there are good grounds for believing the stated aims of the Canadian and United States governments that they intend to control inflation, and that there are good grounds for thinking that those who are betting on the continuation of a high rate or price increases will be proved wrong.

The Commission will be asked to inquire into and report upon the causes, processes and consequences of inflation and to inform those making current prices and income decisions, the general public and the government, on how price stability may best be achieved. They will undertake continued studies and investigations to this end and will publish reports. I am confident that the commission, as it proceeds with this task of giving public advice on how we may achieve better price stability, will be able to bring about a greater degree of restraint on the part of those in the private sector who are charged with the responsibility of making current decisions about prices and incomes. This will provide information that will assist those who determine

policies with respect to prices and wages to make their decisions in such a way as to reduce the upward pressure on prices. The Commission can make a valuable contribution toward price stability only if it gets the co-operation it will need from all parties concerned.

I should add that prices and incomes policies having similar objectives have been instituted in other countries. We have been at pains to examine their experiences and to avoid the defects that have been apparent in them. For one thing, we are making it clear that the role of the commission is not a substitute for monetary and fiscal policy and other inflationary policies, but it is a supplementary policy supporting them.

Another aspect in which our policy differs from other countries is that we intend to establish a joint parliamentary committee to receive and to study the reports of the commission. I thought the order to establish the committee would be on the order paper today. Apparently it will be on the order paper tomorrow. This will be in accordance with the intention stated in the white paper. This will enable public debate to develop with respect to the information and recommendations made by the commission.

The joint committee will have a very important function to perform in calling witnesses, consulting experts and debating generally the ways and means which the Commission suggests for minimizing inflationary tendencies. This process of debate will further serve to heighten the awareness of business and labour groups, provincial and municipal governments and consumers at large of the situations that are causing the upward pressure on prices and ways in which they may be counteracted.

Therefore in outlining both the policies of the government generally with regard to inflation and the role of my department specifically, I think we have disclosed a consciousness of the concern expressed today by the opposition and the concern expressed in the motion before the house. I think the record of the government is one which indicates that we certainly do not have to take a back seat to the opposition in our concern for those problems and the effectiveness of our policies in dealing with them.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, would the minister permit a question before he sits down? Is he in a position to say whether the government would be favourable to the idea of the special committee meeting during the parliamentary adjournment?

Mr. Basford: Mr. Speaker, I shall bring this to the attention of the house leader for discussion. I had thought the motion would be on the order paper today. I do not know why it is not on the order paper. As the hon. member knows, the matter of the formation and meetings of committees is decided by discussion between the house leaders of the various parties.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, like the other members of the opposition I should like to congratulate the Minister of Consumer and Corporate Affairs (Mr. Basford) on becoming the father of a son because this no doubt will make him more conscious of the problems which face Canadians. I listened for about 60 minutes to the minister's speech which I think can be divided into four parts. First of all, there was a lecture which we have heard before concerning our sympathy for the pensioners, the veterans, the poor people and others on fixed, low incomes. With that I have no argument. Then he gave us a few suggestions about which I will have something to say. After that there was a package of abuse in which he tried to say that all the responsibility for the lack of action was due to the attitude of the opposition. Then there were a few promises for the future.

I should like to come to grips immediately with the first point. I could not help but agree with him. He had the whole house in the palm of his hand when he talked about the pensioners, the poor, the veterans and those on fixed incomes. We are really aware of what he said when he talked about these people. He asked who is to blame if he has failed in his responsibility in this new department. He said he would tell us who is to blame. He said it is all the Canadian housewives because they do not know how to shop and do not know how to buy. That is who is to blame. His second solution is to boycott. Then he said that the opposition has nothing to offer. So I shall start off by quoting a question I put the other day to the Minister of Consumer and Corporate Affairs. Let us find out what his answer was because at that time every Member of Parliament could have asked the same question. My question, as recorded on page 10036 of *Hansard*, was:

> I should like to ask the minister whether he has given some thought to having the combines investigation branch look into the chain stores to

find out whether there is a monopoly on beef because of the wide spread between what the producer is getting and what the consumer is paying for it.

If I might digress for a moment I should like to say I made it my business today to call the city of Calgary to find out what beef is worth on the hoof, what it is worth wholesale and what it is worth retail. When I give that evidence today I will be able to show that the problem is not with the producer nor the housewife but is with those people who are between the producer and the consumer. When the minister becomes conscious of that problem then I think he will be on the road to some solution.

• (4:40 p.m.)

Here is his answer to my question, and it is a beautiful answer. It is not one of those philosophical answers like the scriptwriters provide; this one came off the top of his head.

I will be delighted to refer the question of the hon. member to the Director of Investigation and Research under the Combines Investigation Act, but I think he can take it for granted that matters of this sort are constantly under surveillance.

Then the leader of the N.D.P. put a very powerful supplementary question. He asked, and I paraphrase, whether, in view of the fact there is a good deal of evidence that some exploitation is going on in the rapid increase in the price of beef, referring to the difference between what the producer is getting and what the consumer is paying, the minister would take the matter in hand and get the director to act. Do you know what the minister then said? This seems to be his solution. He said:

With regard to the first part of the hon. member's question, if he has evidence which I do not have, I wish he would send it along to me.

He would then pass it on to the director. What is the evidence? I made the suggestion last Thursday that the spread between the price of beef on the hoof off the ranches and the price the consumer is paying should be investigated. I believe that the minister, with the department he has and the law officers he has at his fingertips, should initiate an investigation by the director.

Instead, the minister today has indicted the ranchers. I am going to refer to that in a few minutes. He has got into a quarrel with another minister because they are on opposite sides of the situation at the same time. He has also indicted every housewife who goes shopping. He said they do not know what they are

[Mr. Woolliams.]

doing and this is causing the trouble. Let us take a look at the situation.

At the stockyards in Calgary beef from one of the great beef producing areas of Canada is selling for 32 cents or 33 cents a pound. Yet beef is selling in the chain stores—I do not want to indicate the name of this friend of the Minister of Consumer and Corporate Affairs, though I might have to mention it when I quote the article—at extremely high prices. I will give the prices for the various cuts. T-bone, club and porterhouse steaks are selling for $1.89 per pound. Last year steak was selling for about $1.19 per pound. What the minister is really saying is that the cost of beef on the hoof went up three cents to five cents per pound but went up 68 cents a pound in the stores. The minister says there is no evidence and asks us to give him the evidence. He says he has no evidence. Surely if beef on the hoof has gone up three cents, four cents or five cents a pound while the price in the stores has increased by 68 cents, there is ground for an investigation.

I am well aware of the cost of getting this meat off the hoof and onto the plates of consumers. Let us take a look at what happens to beef. A yearling steer is taken to market—most of our beef comes from this source—and is sold in the stockyard at 32 cents to 33 cents per pound. It will weight about 800 to 900 pounds, more or less, and will dress out at approximately 60 per cent of live weight or 480 to 500 pounds. How, then, does the minister explain the price moving up by 68 cents a pound in the stores and only three cents, four cents or five cents a pound on the hoof? If that is not evidence enough for the Director of Investigation and Research, then there never has been any evidence. This, of course, does not take into account the liver, heart, kidneys, head and that sort of thing.

An hon. Member: What about the tail?

Mr. Woolliams: Someone said something and I could have mentioned that too, but I do not intend to be caught up by such an aside because this is a very serious matter.

A back quarter would weigh about 80 to 90 pounds. I am advised that there would be about 18 pounds of sirloin steak, and 36 pounds of T-bone and porterhouse steak in that one quarter. In this area beefsteak is selling for approximately $1.89 per pound. There would be approximately 12 pounds of rump roast which sell at $1.09 per pound. There would be about seven pounds of sirloin tip roast at approximately $1.29 per pound

and there would be approximately 14 pounds of fat cut off that 80 to 90 pound rear quarter.

In other words, meat on a pro rata basis has gone up about 60 cents per pound in the stores whereas it has gone up about three or four cents per pound on the ranches or at the stockyards. There is where the trouble lies.

Let us take a look at what the minister has to say about this situation. I wish I could put more of these figures on the record. On June 14 the minister had this to say when he was dealing with beef, and he repeated it again today:

> Federal consumer affairs minister Ron Basford has urged consumers to boycott beef, saying they are the only people who can bring the price down. His statement supported a boycott called by Leon Weinstein, president of the Loblaw Groceterias Ltd. supermarket chain.

As the hon. member for St. John's East (Mr. McGrath) pointed out, the president of the Ontario Farmers' Union said that what should be done is to boycott the purchase of everything in that particular chain. The minister has been running around talking about boycotting beef but this would hurt a major industry in Canada which is not guilty, namely, the ranchers or producers of beef.

Mr. Horner: The only non-subsidized part of agriculture.

Mr. Woolliams: I agree with that. What has the Minister of Agriculture been saying? Let me refer to a release dated June 13, almost the same day the Minister of Corporate and Consumer Affairs supported the boycott. This is what led the Leader of the Opposition to ask his lead-off question during the oral question period, and to say that hypocrisy exists in the govenment.

The Minister of Agriculture makes the statement that there should not be a boycott, while the Minister of Consumer and Corporate Affairs says that there should be a boycott and at the same time blames the ranchers and housewives of this nation. At least in this regard the Minister of Agriculture has his ear a little closer to the political ground than the Minister of Consumer and Corporate Affairs. This is what the Minister of Agriculture said:

> Farmers will be using their increased income to expand herds, to build new and better facilities, to experiment with better methods of beef production and to increase the size of their farms. In the long run, consumers will benefit by receiving an increased supply of high quality beef.

The release then states:

> Mr. Olson questioned the wisdom of boycott action—

Failure to Reduce Prices to Consumers

The Minister of Consumer and Corporate Affairs said today that we had better raise our voices against this kind of increase and start boycott action, and then criticized the housewives of this nation. He said we were hypocrites and irresponsible. Somebody has got to go from this wishy-washy government when its members appear to be on both sides of every question that arises in the nation.

Mr. Stanfield: Where does Kierans stand on this question?

Mr. Woolliams: That is exactly what I was coming to. Thank you, Mr. Leader. We had the same situation in respect of NATO. The Postmaster General (Mr. Kierans) was worried about NATO and wanted our troops withdrawn, while at the same time the Minister of National Defence (Mr. Cadieux) and other ministers were trying to make certain that Canada took some degree of responsibility for our collective security. What hypocrisy that was! How can they sit together? The minister who was the head of housing resigned but these men have no sincerity. They are irresponsible and will not resign.

The Minister of Agriculture questioned the wisdom of boycott action and pointed out that any attempt to take back the increase gained by the beef producers would merely discourage further expansion. What the Minister of Agriculture has said is that if people boycott beef in the stores production will decrease and this will worsen the problem. Let me make it very clear that the producer is not getting a large share of the profit. The real increase in price is not apparent until after the beef leaves the hands of the producer. The pretty little lecture we have had from this great economist, the Minister of Consumer and Corporate Affairs, leads us to believe that he does not agree with that situation. He had better get together with the Minister of Agriculture.

When the Department of Consumer Affairs was set up I warned, and I repeat now, that it was just windowdressing because the department lacks the constitutional authority to do anything about the high price of foodstuffs and other commodities. The minister refuses to have the Director of Investigation and Research under the Combines Investigation Act make an investigation. He refuses to come up with any solution to this problem except for the consumer to boycott beef in the stores. The Canadian people will soon find out, if they have not already, that all the fine

talk of the minister will not bring down the price of foodstuffs and will not control inflation. These lectures have been going on for too long. They are merely an exercise in semantics—government verbiage. The minister is guilty of verbicide, of political butchery with his own cabinet, because nobody will believe him.

• (4:50 p.m.)

An hon. Member: Verbicide?

Mr. Woolliams: Yes. Look it up. It is a new word. Verbicide is the butchery of words. That is real semantics. The retailer is making approximately 17 per cent gross on the retailing of meat, and of course he has to take into account spoilage and wastage when it occurs.

I oppose any boycott of beef on the ground that it would not only work against the producer but would not bring down the price of beef; it would in fact increase it. Such a boycott would affect, first the consumer and, second, the producer. It would shed no light on the question of whether there is virtually a monopoly by the middle-man, or what is known today as the middle-corporation. If the minister carried out an investigation he might be able to find out what is causing the high cost of beef. The minister should immediately investigate the great spread between what the producer is receiving and what the consumer is paying for all cuts of beef.

I ascertained in the committee last year that the Combines Investigation Act does not need all the amendments which people suggest. I was told in the committee that they do not have the proper staff, the proper scientific people who have the necessary knowledge to look into these matters. This question arose when I asked why they did not investigate the price of gasoline at the retail level. I have never figured out why a gallon of gas should cost the same in the city of Calgary, where it is produced and manufactured, as it does in the city of Toronto where it is not produced or manufactured. These people told us they could not investigate these matters because they did not have enough staff with which to make the investigation. The same thing would be true whether they were concerned with the price of beef, eggs or butter.

The minister is taking a very irresponsible approach when he says the opposition is not making any suggestions to solve the problem. He says he has not the necessary evidence. Surely the Minister has sufficient evidence when he knows that in the stores the price of beef has increased by 68 cents while on the hoof it has increased by only four cents.

I should like to make one thing clear. I do not believe that in the light of the cost of machinery, land, transportation and labour the producer is making an excessive profit, but he is being used by the Minister of Consumer and Corporate Affairs as a scapegoat and is receiving the blame for the increase in the cost of beef. The producer is barely getting by, as a result of the cost-price squeeze that was mentioned earlier this afternoon.

I think the person who wrote the minister's speech is out of date. The minister spoke about binder twine, which has not been used on the farms of western Canada for about 30 years. I think the minister's economic policies are just about as outdated.

Mr. Horner: The minister was smoking behind the curtain but you have smoked him out and he is now in the chamber.

Mr. Woolliams: As the hon. member for Crowfoot (Mr. Horner) has said, we have now smoked the minister into the chamber.

Mr. Basford: Why did I receive representations last week about binder twine?

Mr. Woolliams: I don't know. It must have been from somebody who was lost from your constituency.

Mr. Basford: They were from Saskatchewan.

Mr. Woolliams: I would be surprised if the minister—I say this in all good humour—were so ignorant about harvesting equipment and farming equipment in general use in Canada today. The equipment used is not a binder. The only binding we have is the binding of this government on the Canadian consumer and taxpayer.

In the city of Calgary steak increased from $1.19 a pound last year to $1.89 a pound this year. When you consider the price of all cuts of beef you find exactly the same situation exists. In May, 1968, the price of steak across the country—these figures were obtained from the Dominion Bureau of Statistics—averaged $1.18 a pound, and in May of this year it was $1.38 a pound. Round steak in May, 1968, was $1.06 a pound and in May of this year it was $1.21 a pound. In May of last year rolled rib roast was $1.04 a pound and in May this year it was $1.13 a pound. Today rolled rib roast is selling in Calgary at $2.10 a pound. It has increased in price by $1.06 over

last year, and of that increase the producer is receiving only three or four cents a pound. In view of this, surely the minister can come up with a better argument than he did this afternoon when he tried to lambaste the opposition by saying we have no suggestions to offer.

I suggest to the minister that there should be a full investigation into this matter. He should get the Director of Investigation and Research under the Combines Investigation Act working on it. The minister should take some of the $16 million that has been talked about as having been allocated to his department and put it into the hands of people who will investigate this situation. The friend that he mentioned in one of the chain stores, the person who is backing him in his policy, will soon run for shelter when he finds out what kind of a monopoly there may be in this country.

How can the consumer with three or four children, when both the man and the woman have to work, take the cheaper cuts and prepare the necessary meals under their working conditions? The minister talks about housewives not shopping properly. Since the Liberals assumed office in 1963 a great many more wives have been forced to work in order to make ends meet in this cruel society. When husband and wife come home, both tired, they cannot prepare the kind of supper in their little high-rent homes that they could if the wife were able to stay at home and take care of the family. They buy the higher priced cuts of beef and more expensive food because it can be prepared more quickly. The minister should not include 100 per cent of the housewives in his remarks because he may need some of them, even in Vancouver, one of these days.

The Acting Speaker (Mr. Béchard): Order, please. I regret to interrupt the hon. member but his time has expired.

Some hon. Members: Carry on.

The Acting Speaker (Mr. Béchard): Does the hon. member have leave of the house to continue?

Some hon. Members: Carry on.

Mr. Woolliams: I have almost finished, Mr. Speaker. We in the opposition have warned the government about the inflationary trends. We continually pointed this out when they advanced grandiose programs and talked about cutting expenditures, at the same time continuing to outspend all other levels of government. I tell the house frankly that recently I missed a vote in the house. I have not missed very many. That vote was on the languages bill. If I had been here I would have voted to send the bill to committee.

I received the other day some information from a government department. I shall not say which department it was. The information I received was not in the area we are discussing at the moment. This is just one example of waste and inadequate planning by the government. The government set aside $125,000 to change a traffic circle on the trans-Canada highway at Banff. That program has been cancelled or delayed. What will they do with the $125,000? They put up new signs in Banff last year, and they will take that money and spend it on further new signs. This is a government that is supposed to be cutting costs. I am sure that all those people who believe we have a great nation made up of two great cultures and languages are of the opinion that at this stage, in a place like Banff, this is one expense we could avoid for another year. This is just one example of the wasteful expenditure of the government.

I object very strongly to the minister saying that the opposition is asking for programs to be implemented that will cause greater expenditures. I ask him to show me anywhere in *Hansard* where I have stood in my place and asked that more money be spent. I would like to see some of our taxes cut. The main plank of the government's budget was to impose a surtax in order to stop inflation. That surtax is against the people with fixed incomes and against the people living on pensions. It is making them poorer and poorer and it is making it more difficult for them to fight an inflation which the government created.

• (5:00 p.m.)

Members on the government side are trying to ride two horses at once. I was impressed with the speech of the Leader of the Ralliement Créditiste when he spoke this afternoon. He did not ride two horses at once—he pointed to the problem. Government members try to have a great love affair with producers and with labour. They are only encouraging the ever-spiralling inflationary trend which drives wages up to buy consumer goods. Profits go up to pay the wages. So the bitter struggle goes on until the government finds a solution to the problem. The government might have to go back to the 30 per cent

formula the former Prime Minister adopted which started an upward trend that even the present Prime Minister (Mr. Trudeau) has not been able to curb.

It is a long year since the Prime Minister was elected on the slogan, "the just society". People are beginning to realize what "just society" means. It means squeeze some more. The other day the Prime Minister said to the press, "take a bath". I say to him and to his government that it is time this government took a cold shower to enable them to face up to some of the cold realities and practicalities confronting this nation. Surely it will not be long before other ministers resign if they are responsible and honest and have the kind of integrity of other ministers who served other great Liberal governments and had the courage to resign. The Minister of Agriculture cannot say he is against a boycott because it is bad, for that is the only policy which the government has put forward. The Minister of Consumer and Corporate Affairs says he is for a boycott. The Prime Minister has to decide between the new father and the Minister of Agriculture. He has to make that decision. One can understand now why the ministers come to the house only on odd days. I have found out why. So they do not have to answer questions and face up to their political and economic responsibilities.

I want to end on this note. This is one of the opposition days. I say to the minister that we have been criticized because of some of our suggestions and because they have not always been positive. I say to the minister that the day the government pirates took away from the official opposition and the other opposition parties the right to control the pursestrings of the nation they gave the opposition the right to say to the government: "Unless you come up with some definite and positive solutions you will get no more of the taxpayers' money to squander on unworkable ideas." When the government changed the rules in that regard they emasculated parliament. When the minister delivered his lecture I am sure he excited the freshmen but not the seniors. There were only ten Liberals in the house listening to him. This state of affairs was brought about by the government when it changed the rules and took away control of the pursestrings from the opposition. We lost our power but we will regain it when public opinion is aroused in the next three years sufficiently to turn the government out of office.

[Mr. Woolliams.]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Béchard): It is my duty, pursuant to Standing Order 40, to inform the house that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Winnipeg North Centre (Mr. Knowles)—Canadian National Railways—consultations respecting pensions of retired employees; the hon. member for Surrey (Mr. Mather)—Noise Abatement—steps to combat national problem; the hon. member for Athabasca (Mr. Yewchuk)—National Parks—boundaries for Wood Buffalo Park.

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—FAILURE TO PROTECT CONSUMERS FROM ALLEGED EFFECTS OF INCREASING PRICES

The house resumed consideration of the motion of Mr. McGrath.

Mr. Robert P. Kaplan (Don Valley): Mr. Speaker, I rise to speak in this debate because of the need to counteract the impression created by the motion and confirmed in the speeches of the hon. member for St. John's East (Mr. McGrath) and the hon. member for Calgary North (Mr. Woolliams) that price stability and inflation are entirely the responsibilities of the Minister of Consumer and Corporate Affairs (Mr. Basford). I have been hearing about beef, but it sounds like boloney, Mr. Speaker.

An hon. Member: You can afford both.

Mr. Kaplan: It would be doing a disservice to the Canadian people to make them believe, as the motion implies, that price mechanisms are entirely to blame for inflation at the consumer level, and it should be borne in mind that the Department of Consumer and Corporate Affairs limits its activities in connection with inflation solely to a consideration of price mechanisms.

Therefore, to draw attention to some of the profound factors responsible for the very serious and dangerous inflationary trends in the last few months, I am compelled to broaden the context of the debate. I do so

with some diffidence because I am not an economist. What I wish to do in the very few minutes I have is to review the traditional government tools for dealing with inflation in the context of the very peculiar type of inflation which we are experiencing in the marketplace today.

One could say that times are very good today, but the question I want to consider is one which is perhaps on the lips of or coming to the lips of more and more Canadians who participate in our economic life. That question is: If things are so good, how come things are so bad? This is the paradox that dominates economic life today, and it is no exaggeration to say that a growing number of people in this country are getting scared. The weak in our society, old age pensioners, retired public servants, veterans, and people who have saved to arrange for comfortable retirements—the people that I meet every day in my riding—are getting scared. But they are not the only ones. The rich, the strong, the captains of industry, our largest corporations, our municipalities, and people with vast resources of credit are scared too. But the paradox is that we have never been better off, that employment levels in most parts of Canada are healthy, that we are in a period of stable progress and growth which has not abated, except in constructive ways, since the war. Expansion proceeds at a record rate, and there are no signs of depression or even of recession on the horizon. The private decisions of thousands of economic planners to proceed now, to expand now, to buy now, in short to spend and to borrow now, contradict any assumption that a recession is even a remote possibility.

Perhaps the most resourceful of the foregoing statements is the last. Let me elaborate on that. If economic planners in our economic community have learned one lesson in the past 25 years is is this: Don't wait for spring, don't wait at all, do it now, buy it now, borrow now. Virtually every private economic decision made since the war to postpone a spending program or to postpone borrowing in the private sector has been proved to be a mistake. This observation does not apply only to business and government but also to family economic decisions. How many young families would not be better off today if they had bought the home they now need last year or, better yet, two or five years ago even if they did not need it five years ago. Industry is in the same position. Those who waited to expand until their sales market justified it are sorry that they waited.

Failure to Reduce Prices to Consumers

Underlying the popular attitude which I have just described is a deep and wide confidence that there will not be a depression, and a faith that governments have perfected their techniques for maintaining growth, if only in the interests of full employment, and will not permit a recession. Otherwise, if a depression or a recession were expected, it would pay people to wait before making their big commitments. More private decisions to wait would take the steam out of the economy and if this were to happen, inflation would be curbed. But because people believe the opposite, that is, that inflation will continue and that there will be growth, and act accordingly, we are faced with an economy in which the risk of loss in an enterprise is completely discounted. If growth is assured, there will be no losses, and there are no risks in expansion, even premature expansion.

• (5:10 p.m.)

I submit that not enough thought has been given to the facts of life, the conventional approaches, as they apply to an economy where there is this new underlying confidence. All past economic policy becomes questionable because it was based on a system in which decision-makers were prepared to face the possibility of declining prices and shrinking markets. These are alternatives which imply advantages in consolidation and in delaying commitments. People no longer think this way.

I should like to review the traditional solutions which are being applied to this new form of inflation. There are three standard and traditional government techniques. First, there is fiscal policy. How does fiscal policy apply under these new assumptions? In the case of fiscal policy one can see there should be no change; the proper tax response to a boom, to a "demand-pull" inflation, would be to raise taxes, reduce expenditures and seek balanced budgets. This forces economic decision-makers in the private sector to wait, if only by reducing their means to proceed through taxation.

A second traditional device for controlling inflation is that which is associated with the government's role as a consumer. When private demand increases and prices rise, it is still appropriate even under the new assumptions, as under the old system, for the government to reduce its demands for goods and services.

Failure to Reduce Prices to Consumers

But when it comes to the third aspect of these control devices, that of monetary control, there is a striking difference. I should like to elaborate on this. Under the new assumptions, the old monetary policy is totally wrong; in fact, it does the opposite of what is required. Traditionally, the government gets the Bank of Canada to raise the interest rate hoping in this way to deter people from expanding, on the theory that businessmen do not want to assume the risk of high fixed costs of interest, particularly over long periods of time. In the past they knew that if they borrowed at high rates and their competitors were able, after waiting, to borrow at lower rates, their competitors would be able to undersell them. It seems clear, however, that this type of reasoning has become obsolete. People feel they are taking no real risk by paying high interest rates because they are confident there will be no depression or recession tomorrow—that prices will be high enough and markets broad enough to support their high costs. This knowledge or belief arises because it is felt that the government's control over the economy and its dedication to the goal of full employment implies such consequences.

If I am correct in this observation, Mr. Speaker, it follows that raising the interest rate in these circumstances has no effect in reducing inflation, and does not curb borrowing. Rather, as I see it, it increases inflation. If interest rates were lower, and if high taxes and reduced government spending were maintained as policies, I submit we should experience less inflation than we are seeing today. Higher interest rates are causing inflation; they are themselves inflationary. Such, at any rate, is the undeniable conclusion one must draw from all the fiddling with interest rates which has taken place from late 1957 until the one per cent increase of last week by the Federal Reserve Board. Possibly a usurious increase of the sort which took place last week—an extreme increase—will take effect in a way in which mild and moderate increases have failed to take effect in the last ten years.

It is not said often enough or clearly enough that Canada does not and cannot have an independent interest policy. Our interest policy is the United States interest policy. I am not proud of this, but my feelings on the matter and the feelings of other Canadians do not affect the question at all. In the growing and important debate on foreign ownership and its effect on Canada, much has been said about our inability to control our economy. I reject this criticism, not totally, but when it is made on a holistic basis.

The present occasion is perhaps not one on which to discuss the broad subject of the high input or, to be precise, the high United States input into our own economic system, but in order to deal with the topic of inflation, as I have been doing, I must refer to the serious political problems which Americans face, problems which have resulted in what I regard as a counterproductive interest rate policy.

Like ourselves, the Americans deal with inflation in their economy by regulating government spending, by the use of tax devices and by means of an interest policy. The Americans have been unable to control government spending to the extent we have been able to do. In Canada we have been much more successful. Of course, they have two wars to fight, one in Viet Nam and the other in their cities, and these take a toll. This leaves the Americans with only two devices—the taxing power and control over the interest rate.

Under our system of cabinet government and majority control the government can, in practice, impose taxes at will in the interest of combatting inflation. In this respect I believe the Canadian government has done its duty even to the point of pain. But the United States government has no comparable straightforward procedure for implementing tax policies, however urgent. Last week, for example, the United States administration sent to the house ways and means committee six former secretaries of the treasury to make a bipartisan appeal for the retention of the income surtax. Yet today there is still no assurance that its efforts in this regard will succeed. It is obviously most difficult for the United States government to rely on tax policies or on tax proposals to control inflation. It is therefore left with its power to control the interest rate. I believe it is this uncertainly about tax proposals which has led the administration to rely too heavily on measures of the Federal Reserve Board intended to fill the breach arising where reduced public spending and increased taxation are not available. Monetary policies alone, however, cannot control inflation and these efforts in the United States have injured the economy of that country and are injuring our own economy. As I suggested earlier, they have backfired and high interest rates have become an inflationary factor.

I have a few minutes left, Mr. Speaker, and in these few minutes I should like to consider the responsibility of the Minister of Consumer and Corporate Affairs. I have argued that there are weaknesses in the traditional devices used to control inflation. I have suggested, without taking the opportunity in this debate to elaborate, that there is little one can do to ensure the success of an independent interest policy in this country at present; there is nothing we could do, assuming we want to maintain the present rate of influx of foreign capital and the present rate of economic growth.

One suggestion was attributed to the Leader of the Opposition (Mr. Stanfield) by the hon. member for St. John's East (Mr. McGrath). It was that the government ought to try the approach of putting out guidelines. Guidelines, in a few words, involve picking a rate out of thin air, or one arrived at after study, and declaring that all good citizens are required to forgo increases of more than, say, 6 per cent in any one year. This sounds as though it might work, but the fact is it was tried in this country a few years ago and found to be unsuccessful. Guidelines are taken by people in today's economy to represent the minimum advances permissible. If the guideline is set at 6 per cent, for instance, a manufacturer feels he is not doing his duty if he does not raise his prices by 6 per cent. Similarly, a union feels it is entitled to an increase of 6 per cent and begins bargaining on the basis of that 6 per cent. Guidelines are too simplistic, and I hope the suggestion I mention has been incorrectly imputed to the Leader of the Opposition. We have had experience with guidelines and found that they are inflationary in themselves.

Earlier in my remarks I referred to the feeling among buyers and borrowers that no depression or recession is likely. This is supplemented by a conviction people have today that inflation will continue, that prices will continue to rise. This in itself disturbs the mechanism of the marketplace. Despite the fact that there is still some slack in the economy, some unused capacity, and adequate supplies of most goods and services, people have learned to consider the marketplace unfair, a futile place in which to bargain. It is into this area that the new Prices and Incomes Commission has been launched to try to give the public the information it requires to offer resistance to prices that are not justified by an underlying cost push. This is not a superficial matter; neither is it an easy task. It is an approach that requires study in depth.

Failure to Reduce Prices to Consumers

• (5:20 p.m.)

The hon. member for Calgary North suggested that the commission can stop price increases. The matter is not as easy as that. The commission must go behind an increase to demonstrate it is not justified by a cost push and analyse the cost of the product, employees' salaries, tax increases and rising transportation costs. All these factors have to be considered. The government cannot be expected to develop its policies, as the hon. member for Calgary North does, by reading newspapers and advertisements. Surely to be credible as a force the commission has to know what it is talking about. The commission has been slow in starting. It is beginning to study a new field. But I must say, in conclusion, that I am not yet prepared to write off its efforts, and I wish it well.

Mr. Mac T. McCutcheon (Lambton-Kent): Mr. Speaker, at the outset I believe it is a fair statement to say that the minister shares with all Canadians great concern at the high cost of living. However, I must go further and point out that showing concern about a problem and doing something about it are two different things.

I class the minister as one of my personal friends. I have known him for many years. May I take this opportunity to offer Mrs. Basford and the minister my sincere congratulations on the increase in their family.

Some hon. Members: Hear, hear.

Mr. McCutcheon: I have had a great deal of admiration for the minister through the years, having worked with him for three years at least on the joint committee of the House of Commons and Senate that investigated the high cost of living.

In my opinion the Department of Consumer Affairs has been touted as a palliative to Canadian consumers, but as far as having a restraining influence on prices is concerned its effect has been nil. I go further and say that this is not exactly the fault of the Department of Consumer Affairs, far from it. The fact that the government of which the minister is a member has mismanaged the economy of the country has been very effective in driving up the cost of living, and all the consumer and corporate affairs departments in the world would be unable to rectify the situation. Everything has got out of bounds, and much of the distress can be attributed to the complete unawareness of the government of the factors contributing to the

type of inflation we are now caught up in. Indeed, this belief was expanded on by the hon. member for Don Valley (Mr. Kaplan) who has just resumed his seat, and may I congratulate him on a very thoughtful speech.

It seems to me that the government has regarded inflation with one eye on the old textbook description of inflation—too much money chasing too few goods. It is obvious to all of us in this chamber, this tremendous group gathered here between five and six each night, that this is not the type of inflation from which we are suffering. If you have the money in Canada today, Mr. Speaker, you can buy anything you set your heart on. I repeat—if you have the money.

The cause of our distress today can be blamed in large measure on world conditions and on a government that failed to recognize the danger signals and do something about the problem long ago. We members of parliament, led by the Liberal government, removed the ceiling on bank interest rates some time ago, with disastrous effects that we see all around us today. The banks really needed that measure. The financial statements of the chartered banks show that profit levels are up 30 to 35 per cent. Government spending has continued at very high levels, with continuing government demands on the money market helping to bring about interest rates that are prohibitive. This in turn has driven up the cost of buying goods, renting houses, and everything else.

In addition, the government continues to increase taxes, which in turn has the effect of increasing prices right down the line. Labour has had no recourse but to ask for more money. The net effect of labour's demands has resulted in purchasing power remaining constant, because each increase in wages has brought with it an increase in the cost of goods. It is a vicious circle, like a dog chasing his tail.

Therefore, in order to pacify those whose complaints about the cost of living have been vociferous and to offer them something by way of meeting their demands for a halt to the ever-escalating cost of living, what has the government done? A government that is sterile of ideas did the obvious; it brought in a new department. This was a simple way of trying to take off the pressure, since the government had nothing concrete to offer in the form of a solution to this serious problem.

I should like to know what we have received for the $16 million expended thus far. The minister had the effrontery to suggest in his remarks today that the house had rushed through his estimates. This is another example of the government's *modus operandi*. It brings in the estimates of suspect departments on the very last day available under the allocation of time for supply.

One thing we do have is Box 99, about which the minister speaks quite a lot.

Mr. Basford: The hon. member has written to it.

Mr. McCutcheon: It has received several complaints over the past year, including some from my office.

Mr. Basford: And they have been dealt with.

Mr. McCutcheon: I am delighted to hear that, because I was just about to say, in fairness, that there have been a few convictions, though chiefly in regard to false and misleading advertising claims. This is all to the good; there is no complaint at all in this regard. However, the department will have to show the house something more tangible than that in the near future if we can ever hope to justify the department's expenditure.

As I mentioned earlier, the people of Canada have had to seek increased salaries and wages just to keep up with the cost of living, though in some instances this has been difficult to accomplish. However, there is one exception in the long list of increases, and that is the percentage of one's income required to be spent on food. This percentage has shown a reduction almost continuously since world war II. In the years prior to world war II the food requirements of the average family in Canada cost in excess of 30 per cent of that family's total wage or salary. As I say, this percentage has steadily declined, with rare temporary interruptions in the decline, until today the food budget of the average family is approximately 19 to 20 per cent of the take-home pay. I am not suggesting for one minute that we should reverse this trend, but I do suggest that it is a factor to keep in mind.

• (5:30 p.m.)

What are we getting for our $16 million? I represent an area in Canada that is noted for beef cattle finishing feed lots. It was of great interest to me to find out what was going on in the beef business. To be fair, you cannot take isolated cases. You need the whole picture. Where would a person normally expect

to get that type of information? I wanted to get an answer to what I thought was a reasonable question, namely, what was the average price of beef in supermarkets across Canada in 1968 compared with the prices today, and were any discernable trends developing?

One would expect to receive this type of information from the Department of Consumer and Corporate Affairs, provided one had not forgotten the debate which took place when this department was established. That is exactly what I had done, forgotten these debates. I should have remembered this was just a Liberal government proliferation of departments. I should have remembered it was a department without teeth—like me.

Mr. Basford: You were on the committee that recommended it.

Mr. McCutcheon: I am sure hon. members are interested in knowing how I made out. Seven phone calls between 10.12 and 10.30 got me the following replies: Six responses "unavailable at the moment, he or she should be back about 11; in the meantime, for the information you want you should phone such and such a number".

I remember being on the committee. I remember a very bright, intelligent lady in the consumer business, Miss Ordway. When I telephoned her office, I was told she was busy on another line and I could not disurb her. I persevered and finally on one of my phone calls I was given the following information by a young lady: "We have no information on comparative prices, perhaps you can get your information from D.B.S. or the Department of Agriculture". I was also told "Professor Young might compile this type of information, but probably not because he will just specialize in trends". I say that Professor Young has his work cut out for him, because it looks as if the whole department is going to revolve around him.

I am prepared to give the minister and his department all the time they need, but they better start cutting the mustard soon in order to justify the expenditures involved in this department. I say to the housewives allied against soaring prices and all the consumer groups who are protesting against the high cost of living, don't get your hopes too high that the Department of Consumer and Corporate Affairs will, or for that matter can do much for you. I predict the department's biggest contribution will be to take $16 million more tax dollars.

I did not give up because I wanted to get some relative figures on the retail prices of beef in 1968 compared with today. I got in touch with D.B.S. and received the following information. Last year on the Toronto market, which is Ontario's largest, the wholesale price of dressed beef averaged 50.8 cents per pound. This price is the equivalent of 1,050 to 1,150 pounds of live weight cattle, bringing on the average in that same market $28 to $29 per hundredweight, with the odd top grade going as high as $31 per hundredweight. Recently, the price has moved up to as high as $37 and $38 per hundredweight. This indicates an increase of 22 per cent to 24 per cent in the price to the producer. Since that peak, the price has dropped off $1 to $2 per hundredweight and as of this morning the price on the Toronto Cattle Market is $35 to $36 for the above mentioned type.

The question then is why did the price of beef go up and why will it not drop too much? The reason I received from D.B.S. is that the cattle population in Canada in 1968 was only 98 per cent of the 1967 total, yet the human population of Canada grew by several percentage points. In other words, there are not as many cattle in the country. As the minister said the other night and repeated today in the house, supply and demand rules the market. I would be the first to admit that figures are misleading. The number of cattle in Canada does not tell the whole story. The number of cattle ready for market tells the story, and this is where we are short.

I received the following figures from D.B.S. this morning. They show the average retail prices across Canada for May, 1968 and May, 1969 and reported telephone prices from meat departments in stores in the city of Ottawa as of this morning. Sirloin steak, May, 1968, $1.18; 1969, $1.39 and today in the Ottawa supermarkets, $1.69; round steak, May, 1968, $1.06; May, 1969, $1.21 and today, $1.39; rolled rib roast, May, 1968, $1.04; May, 1969, $1.13 and today $2. These prices are being charged today in the chain stores in the city of Ottawa.

Mr. Knowles (Winnipeg North Centre): Do they arrange financing?

Mr. McCutcheon: There is something funny going on! These prices indicate two things to me, Mr. Speaker. First, the producers have finally received a long overdue increase in their prices. Second, using the figures of May, 1968 and May, 1969, the increase is pretty much in keeping with other increases in the

cost of living. However, the prices being charged in Ottawa chain stores today, compared with past averages, is something else again. I question if prices will decline very much in the near future in spite of the minister's unqualified support of a certain supermarket head. This gentleman's advice to housewives to boycott high beef prices does not impress me as much as it obviously impressed the minister.

• (5:40 p.m.)

Two weeks before this gentleman made his pronouncement I happened to be in a livestock broker's office when he slammed the phone down in disgust. I asked, "What was all that about"? He replied, "The chains have just left the market; they are going to boycott the Toronto market." I do not know whether the company owned by the minister's friend formed one of those chains or not, but as they are leaders in the field I suspect they probably did. As I say, this was prior to this gentleman's appeal to the ladies to conduct a boycott. As Shakespeare said, "Methinks he doth protest too much." But, Mr. Speaker, it may be good for politics. Perhaps the minister's friend may decide to go into politics in Toronto, as has been suggested by a certain senator from that area.

Today choice cattle in Toronto are selling at $35 to $36. Comparable grade cattle are selling in Chicago at $35. The live price of Canadian cattle needs to drop only $1 per hundredweight and then it will be feasible to export Canadian beef to that midwestern market. There are added costs in exporting from Ontario to Chicago as compared with marketing in Toronto. First, there is $1.50 per hundredweight duty. Then, there is 70 cents per hundredweight extra freight costs, and about 50 cents per hundredweight for extra shrink. But there is a plus factor of exchange on money of 7½ per cent so that cattle, particularly in Ontario, can and will go to the U.S. if the Canadian price declines as little as $1 per hundredweight.

I strongly suggest to the minister that he and the Minister of Agriculture (Mr. Olson) try to get on the same team because I think there is very little that the Minister of Consumer and Corporate Affairs (Mr. Basford) can do about this situation. The Minister of Agriculture hit the nail on the head when he said:

> Past prices were not high enough to attract enough money into the expansion of beef production, so prices are starting to rise this year because demand is growing faster than supply.

[Mr. McCutcheon.]

The minister also emphasized the fact that Canadian consumers would be well advised not to try a boycott. He pointed out that if more farmers were forced out of beef production, then the consumer would ultimately have to pay an awful lot more money for meat. I suggest that the housewives, the buyers of beef, can do an awful lot. I was interested to hear the minister's advice to housewives today. Supermarkets and butcher shops are in a quandary trying to sell meat.—

Mr. Speaker: Order, please. I regret to interrupt the hon. member but his time has expired. He may continue only with the unanimous agreement of the house.

Some hon. Members: Agreed.

Mr. McCutcheon: I will be finished presently, Mr. Speaker.

Mr. Basford: You were just going to agree with me, so I wanted you to continue.

Mr. McCutcheon: Indeed, on many of the items I do agree with the minister. I was just about to speak of the customer who goes to the store and says to the butcher, "There is too much fat on that piece of beef. I don't want to have to pay for all that fat." But chain stores and other buyers of meat will not accept an animal from the producer unless it does have some fat on it. So, the customer asks, "Will you take the fat off?" The butcher does. Then as she approaches the door he says, "Mr. Butcher, would you have a little suet so I can cook this meat?" When all the fat is removed it automatically increases the price of the product.

I suggest to consumers that they should keep the pressure on, but they should apply it to the government to cut down on its profligate spending, so that taxes can be reduced as well as the high cost of money. In my opinion, these things have contributed more to the high cost of living than the increase in the price of food.

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I was much encouraged when the minister rose today to say he was highly sensitive to the problem of inflation, particularly when he emphasized its effect on the poor, and more especially on those in the categories of pensioners and unorganized workers. I found his expression of concern, grounds for optimism. I thought he might be about to announce some new, startling and

imaginative program to deal with the problems that these people face. But instead we got a rehash of the same thing we have heard in this house for many months, with nothing new whatsoever.

If he and his government had been concerned with the problem you would have thought he would have done something to deal with the unorganized workers, the regionally impoverished workers, the persons living on pensions. You would have thought the government would have implemented the Woods report recommendations dealing with veterans pensions. But no, the government has waited over a year and done nothing with respect to that report. You would have thought the government would have been concerned about retired civil servants living impoverished lives. But no, it has not acted to increase the pensions of retired civil servants. The Canada Pension Plan, in which there is a wonderful 2 per cent escalator clause, is absolutely useless in an economy which has an annual inflation rate averaging four per cent. Even with a 2 per cent pension increment, the people receiving it must live at a 2 per cent lower standard of living.

You would have thought that the government, dissatisfied with a winter works program which had some faults and there is no doubt about that, would have revised that program; made it more imaginative and expanded it. But no, the government scrapped the winter works program. Again you would have thought that the government of one of the few countries in the industrialized world which in the last 10 years had an average unemployment rate of around 5 per cent—and some 40 per cent to 45 per cent of Canada's unemployed are located in Quebec alone—would have adopted a crash program to deal with unemployment. But of course, we have nothing like that.

On paper we have a very good program to deal with regional economic disparities, but in the current budget only a few paltry millions of dollars are devoted to it. You would have thought the Watkins report recommendations would have been dealt with in some meaningful way by the government, but again we have seen no action. Instead, what do we get? We have had a series of measures which reveal the Herbert Hoover mentality of the government. The solution favoured by the government is one which has been favoured by governments for some 30 years, that is to have sound fiscal and monetary policies.

Failure to Reduce Prices to Consumers

• (5:50 p.m.)

What does this mean? It means, of course, an effort to cut down wherever possible in the public sector of the economy. We receive little homilies from the Minister of Finance (Mr. Benson) and the Minister of Consumer and Corporate Affairs day in and day out on this. I should like to make two points on this issue. First of all, if we are concerned at times in the short run about inflation and if we do want to cut back on investment expansion, why must we always concentrate on the public sector? Why are no selective cut-backs in force in the private sector of the economy? Do we need more office buildings which cost millions of dollars in Montreal or in any other city? Do we need more gas stations? Do we not need in fact some control over the sector of private income which selects investments when we decide to cut back to deal with inflation? Some people think we should not cut back when there is a need for houses. They believe that we should perhaps pour millions of dollars as directly as possible into a corporation which would be responsible for housing. But a government so committed ideologically to a privately dominated and privately run economy can think of cutting back in only the public sector. Such a government then has the nerve, in my judgment, to go to the public and say it is doing the public a favour when in reality it is cutting back on funds for housing, hospitals and schools in an already impoverished public sector of the economy.

I should like to leave that point because, although I believe it is important, I do not think the principal method of dealing with inflation should be this kind of selective action with a bias in favour of private interests and against government initiative in creating a fully employed work force. We need an expanding and efficient economy. In short, we should have had white papers which contained policies for full employment. To my knowledge, never in the history of this country have we had such white papers. We receive papers such as the one concerned with policies on prices, or whatever it was, which we received just before the new year.

What should be done? I think we should quit fooling around with meat prices and items of this sort. What we should be concerned with is developing an economy which is as independent as it possibly can be in a modern interdependent world. This means we must free ourselves from the overwhelming influence of the United States economy. We

cannot deal in a meaningful way in Canada with interest rates when these are connected through the general economic structure with the interest rates in the United States. Over a 10 or 15 years period we must break the nature of our branch plant economy and create an independent, Canadian owned efficient industrial economy. I spoke at length during an earlier session of this parliament and therefore shall not take much more of parliament's time at this moment in suggesting the ways in which this should be done. The leader of my party and the hon. member for York South (Mr. Lewis) in a recent debate elaborated on policies which would be very important for this country in this regard.

There is one item which I think might be mentioned, especially if we compare it with the many small efforts which are being carried out by the minister's department. If I had to choose at this point, I would say we should reduce that department's budget to $1 and all the funds which are allocated to that department should be put into a Crown research and development corporation. If primarily we are concerned about a research institution, why do we not in this country develop a pool of talent which would be available to private and public enterprises. Such a research and development corporation would be able to make recommendations about development of industry in Canada based on our resources both physical and human. This would lead to an efficient, competitive economy in the international market. We have never dealt with this point seriously. It has always been pooh-poohed as some ivory tower scheme. As I mentioned previously Japan, the Scandinavian countries and the Netherlands have committed themselves to precisely this kind of policy over an extended number of years. It is not an ivory tower scheme at all. It would involve some serious structural changes and the serious spending of money on research and development in this country.

I should like to leave this part of my speech and move on to a comment about the Prices and Incomes Commission. I was pleased that today the minister did not leave us with any grand illusions about the ultimate efficacy of this commission. His previous statement provided no ground for optimism on this score. I believe he has decided to back down a bit and talk more about the monetary and fiscal policy dealing with inflation rather than the Prices and Incomes Commission. I think perhaps he has found out that in this country there is very little confidence, especially among professional economists, in this Prices and Incomes Commission. I ask the minister why he has not been able to fill the vacant positions on this commission? When are the two commissioners to be appointed? I wonder whether part of the difficulty is that the academic community, to name one part of the community, is entirely disenchanted with the "academic" commissions established by this government. They have seen what has happened in respect of the Carter Commission report and the Watkins Commission report, as well as others.

I suggest in all seriousness that there is little intellectual respect among those professionally concerned with economic matters for the intentions of this government. Particularly among economists who have a genuine social concern about this country, I have heard the view expressed—and I imagine the minister has also heard this view expressed—that the net effect of this Prices and Incomes Commission is likely to be a negative one. I think the minister suggested himself that he is aware of this. If we do have publicly revealed statements about general trends in wages, for example, who is likely to be affected? The minister suggested that the private sector of the economy, the management level or the oligopolistic level in this country will not pay much attention to it. They will set their prices as they always have. They are quite unconcerned about whatever guidelines might be established. So, basically, are the powerful trade unions. They will be as successful as they have been in bargaining or at least will not be greatly affected. They will be affected, if anyone is to be affected by this Prices and Incomes Commission—

• (6:00 p.m.)

Mr. Speaker: Order, please. I might draw to the attention of hon. members that so far as I have been able to ascertain there are just a few minutes left to the hon. member to complete his presentation. It may be the disposition of hon. members to allow the hon. member for Oshawa-Whitby to complete his speech before we rise.

Some hon. Members: Agreed.

Mr. Broadbent: I should like to thank my colleagues in the house and I promise I will be very brief.

What I was going to suggest is that the only groups who will be seriously affected by public revelation of prices, incomes and

income trends in the country will be the unorganized and the weak. Those recommendations or guideline statements will be used to keep down the wages of those who are already in an unfortunate position in terms of bargaining strength. Hospital workers, unorganized workers and civil servants will be forced to remain at their low level of wages.

Therefore, like many professional economists, I have little faith at all in the ultimate effect of this Prices and Incomes Commission. I have been brief and I think I have made one or two constructive suggestions, the details of which have been elaborated by me and other spokesmen of my party earlier during this session. What I think is most important for us to keep in mind is that this government espouses a concern for the unemployed and those on fixed incomes but is still talking in terms of ideas that were outmoded in the 1930's. The government is either incompetent or unconcerned, and on neither ground should it go before the Canadian people with any degree of confidence in terms of its actions.

Mr. Speaker: It being after six o'clock I do now leave the chair.

At 6.05 p.m. the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Hyl Chappell (Peel South): Mr. Speaker, I had not meant to speak on this motion, but I find myself drawn into the debate because of a difference of opinion with some of the previous speakers. In opening, may I say a few words with respect to remarks made by two earlier speakers. The hon. member for St. John's East (Mr. McGrath) purported to give the count of Liberal members in the house. I differ with him in that count; I believe he overlooked counting the Liberals on the east side of the chamber. The hon. member for Calgary North (Mr. Woolliams) mentioned the high price of steak in that city and indicated that he suspected a price fixing or monopoly. He did not bring forth any evidence of price fixing or a monopoly—

Mr. Horner: What is the department for?

Mr. Chappell: —nor was there any suggestion that all the stores, or even two stores, sold steak at the same price. There is no indication that any housewife has complained that she suspects price fixing or a monopoly, nor is there any suggestion that the small butcher's shops are in cahoots with the large stores to maintain the high price of steak. In any event, I would say to him and the people of his riding that if there is any such evidence and the people bring it forward, I am confident that the Director of Research and Investigation under the Combines Investigation Act will take prompt action.

I agree that the price of food, clothing and living accommodation is too high; there is no question about that. I also agree that each Canadian would like to see his own income go up and at the same time prices remain stable for all goods and services. Obviously, this cannot be. We must look for some other solution. Let us first examine the high cost of rental accommodation. Surely, we must accept the fact that rent is determined by the selling price of accommodation, that is, the selling price of a home or condominium unit. Then, why are these prices so high? There are five basic elements: there is the high cost of financing, the high cost of land available for development, the high taxation which places the full expense load for education on the municipality, archaic zoning provisions, and high construction costs.

The task force heard representations from all parts of Canada. They considered these matters and made recommendations. Within days the government introduced the new housing bill, and I suggest it covered everything within the jurisdiction of this Parliament. Although much has been said about the high cost of financing, we are living in a dream world if we do not accept the fact that high interest rates in this country are substantially controlled by the interest rates of the United States. The interest rate in that country now exceeds 8 per cent, and unless our interest rates are higher our money will be drained off immediately.

During the last seven or eight years land ready for development in the Toronto area has increased in price by about 300 per cent. Something should be done, but the solutions lie completely within the jurisdiction of the provinces. In respect of planning and taxation I point out that whereas 50, 60 or 70 years ago, when Toronto had a population of not more than 200,000, we built attractive, semi-detached houses on 20-foot lots. Many streets of such houses are still there to be seen. Today, almost every municipality demands a

50, 55 or 60-foot lot and a large house in order to provide a tax base to pay for the educational costs.

This type of planning is now out of date and should be changed by the province. If not, we will have immensely stretched-out cities with transportation nightmares, and parents taking one to two hours to get home to their children after a day's work. The province should change these zoning provisions to allow more flexibility for high-rise apartments, some 20 or 25-foot lots, and mobile home parks. The basis of taxation should be changed so that a municipality may allow homes to be built on lots of this size without impairing its ability to provide education. But perhaps the most important and urgent matter today is the high cost of construction. Today, it is considered modest to ask for a 15 per cent incease in wages or salaries over a two-year period. This attitude is now almost chronic. But a 15 per cent increase in a two-year period is a 30 per cent increase in a four-year period. When one considers the increase upon increase, let us say it is a 50 per cent increase in a six-year period. We cannot increase wages by 50 per cent in six years and not cause continuing inflation. The hon. member for Lambton-Kent (Mr. McCutcheon) said that unions have no option but to make these demands. I ask, what about the construction unions? They make no such modest demands. There, the wage rates of the trades vary from $6 to $8.50 an hour, which produces for them an annual income greater than that of a member of parliament and of some professional people who took years to prepare for their profession. In addition, usually the member of parliament and the professional people work considerably longer hours.

• (8:10 p.m.)

The construction unions have taken a stranglehold on Canadian housing, and with their monopoly they are driving up the cost of living for every Canadian at a fantastic rate. Whereas in the United States in 1962, construction workers increased their hourly rate by about 12 cents an hour, the increase now is from 50 cents to 75 cents an hour. Recently such a strike was settled in Toronto at $1.71 an hour, over a two year period, plus considerable fringe benefits. This would amount to something between 85 cents and one dollar an hour. We ask ourselves: Can a teacher on $7,000 a year or a clerk on $3,000 afford the luxury of their services? The payment of these exorbitant wages not only drives up the cost of construction but, in addition, increases the price of goods. Factories have to be built and these service people are on the staff. The effect of these wage increases are also indirectly reflected in our economy and thus upon our cost of living as well causing the spiralling inflation. In addition, the action of these people sets a precedent. Other labour groups must, for their own self-preservation, demand substantial increases to have any hope of hiring the services of these trades.

I do not question the right to strike. It has done much to improve the living standards of many. But in some cases the power is too great, and recently it has been exercised without responsibility. I do not quarrel with the individual seeking gain, but sometimes he does not gain. If he is on strike for six or eight weeks, the increase he gets usually just compensates him for the time he lost his income. The people who gain are the union organisers. They become important on T.V.

I say to each member of this house: Just imagine what the price of food would be if farmers should ever be paid at the same rate as these construction people. Let us take it further, and suppose that we increase proportionately the wages of all those who process the food between the farm and the final sale to the consumer. No doubt, in order to keep rents down some may recommend rental control, but I do not think logic would allow us to consider rent control unless all prices and all incomes were fixed. Surely, each of us want to see that only as a last resort.

What has the government done? We have cut back on government spending; we have discouraged commercial building and we have balanced the budget. The minister has appointed an advisory council of experts to advise him constantly as to what can be done. At this point we must warn the public to stop purchasing and to save and invest some of their money to slow down the heated economy. Secondly, we must warn some of these people who make excessive demands that if they keep it up, and the spiral is allowed to speed up, we will get to the point at which no one will be able to afford their services. If it does keep up ones insurance and ones pension will be completely eroded away—in fact the whole life insurance industry will be destroyed.

Personally, I do not care about the fact that the price of beefsteak has become so high. I have literally felt embarrassed at the price for which one can buy chicken and turkey,

and I wonder how the producers live. I would not consider it too great a hardship to live on chicken and turkey for a while instead of beef.

May I say in conclusion that this is a real problem with which we must grapple and which we must solve, but this is something that all Canadian people must feel and on which they must co-operate. The minister has done all he can at the moment, but if we do not get some co-operation with respect to these wage demands, we may have no alternative at some point in the future but to fix rentals, prices and wages.

Mr. Steven E. Paproski (Edmonton Centre): First, I should like to congratulate the minister on his and Mrs. Basford's addition to the family of little Master Basford. I think it is quite commendable, and we on this side are looking forward to those 5 cent cigars.

Never have I listened to such arrogance and conceit as I have listened to today from the minister who claims that he is highly sensitive to the poor who, he claims, are unable to talk for themselves and who cannot protect themselves against higher prices. This is why this motion is particularly appropriate at a time when the cost of living weighs heavily on every Canadian. It is particularly appropriate at a time when the government has demonstrated a complete lack of interest in the fate of ordinary Canadians forced to pay more and more for less and less. It is appropriate at a time when Canadians are forced to run harder and harder to stay where they were a year or two years ago. The costs borne by the consumer, the householder, the homemaker and the salaried wage earner have gone up and up, while salaries have not kept pace. Nobody knows this better than the minister. Nobody cares less than the Prime Minister (Mr. Trudeau).

What is the use of this kind of motion? Is it going to produce any action from the government? I doubt it. The government must know what the situation is. They have been told about it for the past three years. We have been telling them about it and so have other opposition parties. In the face of high interest rates, prices that are way out of line, rising costs, and increased competition from abroad, the government has shown a total lack of interest. In the face of an increase in consumer prices of something in the nature of 14 per cent in the past three years, the government has done little to show its awareness of the problem.

We have had a Department of Consumer and Corporate Affairs. It was established with tremendous fanfare. With equal fanfare the minister set up a committee before which there was a parade of witnesses, each of whom disclaimed any responsibility for what is happening. Somebody somewhere is taking a rake-off. The minister was not able to establish who it was. Surely, the minister cannot pretend that his department has been a success. The facts and figures speak for themselves. We have seen the greatest increases in prices and costs in Canada's peacetime history. This speaks for itself. The minister cannot show that his department has been instrumental in saving the consumer a single penny. He certainly cannot demonstrate that his department has been instrumental in holding down prices. If he had done so effectively, Canadian consumers would not find themselves in their present position.

• (8:20 p.m.)

As one surveys the whole spectrum of price and cost increases, one finds there is hardly an area in which consumers are not obliged to pay a great deal more now than they did when this government came to office. The tragedy is not that the government has failed to take action, the real tragedy is that the government doesn't give a damn.

Never were truer words spoken than those uttered by the former minister of transport (Mr. Hellyer) when he said, with a great light dawning, that this government was incapable of dealing with the nuts and bolts issues. I do not intend to repeat at length his great panegyric, one which gained the admiration of thinking people everywhere, but in the course of it he placed an expert finger on the real weakness of the government. It began as a government divorced from the people. It is now a government divorced from reality. It is a government which has occupied its time and the time of this house chasing the will-o-the-wisp of medico-socio tinkering while the people who voted it into power could not make ends meet.

Last week, while interest rates took another giant step upward with the full approval of the government, the Prime Minister (Mr. Trudeau) was prepared to carve up the constitution like a chicken and hand it trussed up on a plate to Ontario and Quebec. Only a couple of weeks ago the Minister of Finance (Mr. Benson) brought down a theoretical budget which continued the iniquitous 3 per cent surtax and placed a freeze on development in

western Canada. Hon. members opposite know this to be the case. They produced a plastic budget to go along with the new plastic constitution and now they expect us to bow down and tell them how great they are.

While the government is obsessed with prefabricated prophesies dreamed up in the back rooms of the Liberal party, Canadians are becoming fed up with the way in which basic issues are ignored and neglected. A great number of people are leaving the Prime Minister—the number is rapidly reaching the proportion of an exodus. There was the minister of transport. He gave us, as his reason, that the government was not dealing with the real problems. There will not be much disagreement about that. Then, there were two of the Senatorial pillars of the Liberal establishment, Senators Lang and Aird, who left in disgust at the pussyfooting in connection with our NATO obligations. This proves conscience can exist in the other place. Now, we find the Stanburys getting restless.

An hon. Member: Which one?

Mr. Paproski: The gentleman in the other place. When members of the government's strategy board in the other place get fed up, things have to be really bad. This is the stage which has been reached as we come to deal with the present motion, one which simply opens up a corner of the general disarray and inertia of which the government has been guilty. As an example of the administration talking out of both sides of its mouth at the same time, we find the Minister of Consumer and Corporate Affairs (Mr. Basford) urging consumers to boycott beef while the Minister of Agriculture (Mr. Olson) expresses satisfaction over rising prices. I would be the last to disagree with the Minister of Agriculture when he says it is time the farmers got a fair return, and this is especially true in the light of the government's inability to sell wheat. One can understand the hon. gentleman's relief at the prospect of increased income in western Canada. But it is certainly an indication of the ineptness of the government when the only solution the minister in charge of consumer affairs can think of is for consumers to boycott beef which they cannot afford to buy in the first place.

What the minister has failed to deal with to the satisfaction of consumers is the course of events between the time the beef leaves the farmer's hands and the time it is placed, neatly wrapped in cellophane, on meat counters across the nation. Can the minister explain why the price per pound should increase by 200 per cent between the loading chute and the supermarket counter? The chain stores claim their profit is only 2 per cent, and that is reasonable. Somebody is taking a beating, and it is usually the people at each end of the stick, that is to say, the farmer at one end and the consumer at the other. The Minister of Agriculture feels he has taken care of his end successfully, which leaves the minister in charge of consumer affairs holding the dirty end of the stick. Perhaps that minister should now boycott the Minister of Agriculture.

When the most experienced and far-sighted minister in the government, one holding the senior portfolio of transportation, says the government is not doing a job, we are bound to believe him. I refer to the hon. member for Trinity (Mr. Hellyer). What is happening with regard to interest rates, the cost of money and consumer prices all along the line just proves how right the former minister of transport was when he said this government neglects the nuts and bolts issues.

There are a lot of nuts and bolts in government, Mr. Speaker, and I am afraid that in this government there are more nuts than there are bolts. The best thing the government could do to help Canadians everywhere would be to resign.

Mr. Warren Allmand (Notre-Dame-de Grâce): Unfortunately, Mr. Speaker, we have before us today the resolution of a demagogue.

An hon. Member: A what?

Mr. Allmand: I say that, because it oversimplifies the question—

Mr. McGrath: I rise on a question of privilege, Mr. Speaker. I say with great respect that I am not a demagogue, and the hon. member should not say that I am.

Mr. Speaker: I am not sure whether the hon. member wishes the Chair to make a ruling on whether it is unparliamentary to call another member a demagogue. I would think the term is rather strong and I hope it is not the type of epithet which will become part of the ordinary language of the House of Commons. Perhaps the hon. member for Notre-Dame-de-Grâce might wish to indicate that he did not—

Mr. Allmand: I did not think the hon. member for St. John's East (Mr. McGrath) was so sensitive. If he is, I shall be pleased to withdraw any implication I may have made with

respect to him. What I meant was that the resolution merely oversimplifies the problem of increasing prices, really fails to define the problem and offers no solutions whatsoever. The resolution gives the impression that there are panaceas in regard to inflation, that there are magic solutions, that all that a government has to do is more or less to snap its fingers and these problems will go away. Having listened to members of the opposition parties in this debate, it is rather difficult to understand what is being suggested to solve the problems of inflation.

• (8:30 p.m.)

This afternoon the hon. member for Lambton-Kent (Mr. McCutcheon), I think it was, said that the problem of rising prices was due to the government spending too much money. A member of the New Democratic party, the hon. member for Oshawa-Whitby (Mr. Broadbent), said he thought we should spend more money in certain areas. This clearly illustrates that there is no simple solution to the problems of inflation. It is also clearly illustrates that the opposition parties have no obvious solutions to meet these problems.

The condemnation of the Minister of Consumer and Corporate Affairs in this resolution for his failure to protect the Canadian consumer is tantamount to a condemnation of the Minister of National Health and Welfare (Mr. Munro) because there is still sickness in this country, or a condemnation of the Minister of Justice (Mr. Turner) because there is still crime being committed in Canada. There are many more measures that could be taken, of course, to improve our price situation, but I submit that the Minister of Consumer and Corporate Affairs has done some extremely important work since he took office last summer.

If we are to measure the minister's effectiveness we might do well to compare the price record in Canada with that of other countries. No doubt this has been done before, but I think we have to keep reminding the opposition parties of it. For example, in the period 1952 to 1968 Canada ranked with the United States in the maintenance of price stability and had the best record when compared to the other western industrialized countries. During this period Canada and the United States had a 1.7 per cent annual rate of increase, compared with Germany with 1.8 per cent; Italy, 3 per cent; The Netherlands, 3.2 per cent; Britain, 3.2 per cent; Sweden, that great socialist paradise, 3.4 per cent; France, 3.5 per cent and Japan 4.0 per cent.

Mr. Knowles (Winnipeg North Centre): Per cent of what?

Mr. Allmand: Yearly increase in prices. According to a table in front of me, Canada and the United States had the best record in this regard in the period 1952 to 1968.

In the period 1965 to 1968, a shorter period, our record was not as good as it was in the longer run, but it was still very commendable. During this period the annual increase in prices in Canada was 3.7 per cent, compared with 4.1 per cent for The Netherlands; 4.8 per cent for Sweden and 4.8 per cent for Japan. Germany and Italy were lower than Canada during that period, and the United States had an increase of 3.1 per cent, 0.6 per cent lower than Canada's level. However, our record was still extremely good.

I point this out to show that, if the problems of inflation are as simple and easy to solve as the opposition parties would pretend, then they must be the only experts in the world who have the answers. It seems that the economic advisers of other countries do not have the answers, because if they did their countries would have a better rate than Canada in the matter of price stability. If we really want to assess the record of this government and the minister, we must compare that record with that of others.

The resolution before the house states that the minister and his department have not been doing very much since the minister was appointed last year. I should like to refer to some of the very important things that this department has done. The department was formed a little over a year ago. When this minister took office last summer—

Mr. McGrath: He is not even staying here to hear you; that shows how interested he is.

Mr. Allmand: He knows what I am going to say so well that it would embarrass him to stay in the house to listen to all the compliments I am going to pay him. However, I think the opposition members can listen to what I have to say and I give them credit for doing so.

Mr. Peters: It ain't easy, either.

Mr. Allmand: Since last summer the minister first of all reorganized the consumers branch in the Department of Consumer and Corporate Affairs. Secondly, he established the consumers advisory council. He also introduced and had passed the bill to control drug prices. The minister has introduced a bill

dealing with hazardous products. He has just introduced another bill to amend the Companies Act and bring in new provisions regarding disclosure, and so forth. The minister has set up the prices commission, and he has in the works two other very important bills; one to set standards for labelling and packaging, and another to amend the combines act. This gives a total of seven important items with which the Minister of Consumer and Corporate Affairs has dealt since his appointment last summer, and it is a very commendable record.

Mr. Paproski: The minister is even eating a beef sandwich.

Mr. Allmand: It is unfortunate, Mr. Speaker, that the speeches of hon. members opposite are not as good as their remarks while other people are speaking.

In pointing out some of the difficulties in resolving the problems of inflation and price increases, may I refer to the report of the consumer prices committee which was submitted to this house on April 20, 1967. This report was the product of the committee that was chaired by the present minister and which received, I might say, the unanimous support of all parties in the house at the time. I should like to refer to a paragraph on page 4 of the report which reads as follows:

> Much of the expert testimony of both academic and government economists emphasized that the increase in the cost of living which has been observed in Canada in the recent past is a complex phenomenon. There have been many influences at work and these in turn set up chain reactions which ultimately permeate the economy and have a buoyant influence on particular prices and on the price level in general.

Then, on page 5 there is this paragraph:

> This complicated process—

That is the process of price increases and growing inflation.

> —is sometimes oversimplified and an attempt made to attribute a general price increase solely to some particular group such as trade unions, business, financiers, farmers, profiteers or even consumers themselves. The evidence presented to your committee did not support any such unsophisticated view. It is instructive to note that the trend of consumer prices in Canada and the United States has exhibited a similar pattern.

This pattern shows that during the same period of time the price level in Canada had a tendency to follow that of the United States. When the consumer prices committee was sitting, it heard from many economists and experts about the causes of price increases and possible solutions. Not one of these economists suggested that the solution lies in price control. When each expert appeared before the committee, we asked him if the solution was price control. Almost unanimously, they replied that if you try to deal with the problem of inflation through price control, you deal with the symptoms and not the cause of the problem. In other words, you will not really solve the problem for the Canadian consumer by controlling a particular price or prices because this will have a chain reaction which will affect production. In the long run, the consumer will either not get the product concerned or the inflationary pressures will be channelled into other products and other areas.

• (8:40 p.m.)

I wish to refer to the fifth Annual Review of the Economic Council of Canada in which they discuss price stability. I recommend to members of the opposition parties that they read this report because in it are several suggestions for dealing with price stability. Most of these suggestions have been taken up by the government, but to my knowledge none of them have been dealt with today by members of the opposition parties. At page 194 of the review dated September, 1968, the Council states:

> One of the main themes of that Review was that there is no simple, easy and quick "policy solution" to price and cost instabilities. A wide range of policies must be brought to bear on the problems.

At page 195, the review continues:

> After due allowance for the influence of external price and cost changes, over which Canada may have little or no control, and from which we cannot fully insulate ourselves, we suggest that five essential policy elements are needed to achieve the best possible reconciliation of our price stability goal with other basic economic and social goals. These five elements are:
>
> (1) the "big levers" of demand policies—monetary and fiscal policies;
>
> (2) an equally important group of supply policies;
>
> (3) a number of special policies to cope with particular problems;
>
> (4) greater public knowledge and understanding about prices and costs; and
>
> (5) trade and tariff policies.

These are the five solutions put forward by the Economic Council of Canada. The first solution relates to monetary and fiscal policies. I suggest the Minister of Finance (Mr. Benson) and his predecessor in the last two or three budgets made an attempt to deal with inflation through these tools. The record of the Minister of Finance in this respect is as

good as that of any other country in the world using monetary and fiscal policies. However, that is not the only solution.

Secondly, the Economic Council states we must have effective supply policies. Under supply policies they refer to greater labour mobility through manpower policies, improvements in productivity, adjustments to technological change and policies to improve regional balance. In the last two or three years, this government and its predecessor have done much to act in all these areas. The manpower mobility and retraining program was set up by the former government under the leadership of the Right Hon. Mr. Pearson. Productivity was given assistance through several pieces of legislation. One of the newest refers not only to productivity, but regional balance. It is the new bill introduced by the Minister of Regional Economic Expansion (Mr. Marchand) with regard to regional industrial incentives.

Third, the report refers to adjustments to technological change. Here again, some of the manpower policies which have been put forward by the government attempt to deal with these matters. Fourth, the Economic Council has stated that there should be better coordination in federal-provincial fiscal planning. During the last two federal-provincial conferences, and in the meetings of officials between and before these conferences, the government has put forward plans to have a better and more efficient control over federal-provincial programs. The government has stated several times this sort of thing is extremely necessary if we are to control prices and inflation in Canada. Action is being taken on that recommendation as well.

As a fifth recommendation, the Council states there must be more information for the Canadian consumer with respect to the reasons and the causes behind pricing. It suggests that a planning committee on economic affairs of the Senate and House of Commons be established. The Minister of Consumer and Corporate Affairs (Mr. Basford) in this past week or so stated it is his intention to set up such a committee very shortly. In his white paper on price policy which he put out at the end of last year, the minister stated his intention to set up such a committee.

The next recommendation, and this is a very important recommendation, states that we should try to deal with inflation and price increases through reduction in tariffs and trade barriers. I do not know whether any of the opposition members have dealt with this matter. It is well known that in the budget brought down just two weeks ago one of the important provisions was a full implementation of the Kennedy round proposals dealing with tariff reductions and doing away with trade barriers.

You cannot have it both ways. When the government does things such as establishing a prices commission, reducing tariffs, establishing supply policies and production policies, you cannot criticize them at the time such measures are introduced and two months later in a debate such as this pretend that the government is not doing anything. The opposition parties would be more constructive if they would try to make improvements at the time the legislation is brought forward. All we get on opposition days are litanies of complaints and grievances against the government, but not much constructive advice as to the problem at hand.

Mr. Speaker: Order, please. I regret to interrupt the hon. member, but his time has expired.

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I am not sure I should take part in this debate because, after having listened to the hon. member for Notre-Dame-de-Grâce (Mr. Allmand), I wonder if there are any problems in Canada relating to consumer and corporate affairs, the rising cost of living or such other matters as have been mentioned by hon. members today. The hon. member should make the same speech to the people and listen to the reaction. I would have thought there would have been general agreement with the hon. members for Saint-John's East (Mr. McGrath), Lambton-Kent (Mr. McCutcheon), and Edmonton Centre (Mr. Paproski) regarding the problems facing the Canadian nation, rather than the theorizing, hypothecating and all the other big words one can use to describe the speech to which I have just listened.

I wish to say a few words nevertheless, because I am very interested in the vote of $16 million for this year which the Minister of Consumer and Corporate Affairs (Mr. Basford) has to piddle around with. That is a poor choice of words, but that $16 million is supposed to be used by the minister to curtail inflation and bring costs under control.

• (8:50 p.m.)

I suggest the minister has been doing an excellent job building up his expense account because he has certainly been travelling a lot.

Failure to Reduce Prices to Consumers

Every other day I read a speech that the minister has made in Vancouver, in Edmonton or in some other part of Canada. In those speeches he has indicated to the consumers, "If you have any problems you come to Papa, and Papa is going to solve all of them." He indicates that with speeches, persuasion and perseverance the cost of living is going to be brought down. This is very good advertising politically, but if some of the branches of the minister's department were to review this kind of advertising perhaps they would find that it falls into the category of false advertising. If one looks at the results of the minister's department for the last year, and I can speak with experience only of that year, one could conclude that most Canadians one would think this is the kind of advertising they see in connection with many cereals. It is to be taken with a grain of salt, or to be taken with a hogshead of salt, to use a good Newfoundland expression.

We can have our study groups, our thinkins, our speeches, and all kinds of appointments to various bodies and, according to the minister, this will do the job eventually. I have one suggestion I could make to the minister. Let him turn over the $16 million to me. I then would give back $15 million to the Treasury Board, become a millionaire and achieve the same results as he has achieved with respect to the cost of living.

In all seriousness, Mr. Speaker, I just cannot agree with the hon. member for Notre-Dame-de-Grâce (Mr. Allmand) who says that there is no problem. I cannot see that things are working well in Canada. I cannot understand how the average Joe, Tom, Dick or Harry in Canada is making a go of it. I cannot see how he can buy enough of the proper food. In so far as the cost of food is concerned, I am not going to explain that to the minister. This has been done adequately and well in this debate already.

Mr. Allmand: On a question of privilege, Mr. Speaker—

Mr. Speaker: Order, please. Is the hon. member rising on a question of privilege or a point of order?

Mr. Allmand: On a question of privilege, Mr. Speaker. Twice in his speech so far the hon. member has stated that I said there was no problem of inflation in Canada. I just said that the opposition parties never gave any solution for the problem.

[Mr. Lundrigan.]

Mr. Speaker: The hon. member is referring not to a question of privilege but to a point of debate.

Mr. Lundrigan: Mr. Speaker, I cannot see how the average fellow can get along today in view of the cost of living. According to the papers I have read, the only cost that has gone down has been the cost of toilet paper. Take the cost of clothing. I cannot see how the average person can adequately clothe his family. If he can afford to buy building materials, he cannot afford to have a house constructed. If he happens to need a repair job done on his home, he just cannot pay the carpenter or the plumber.

If the average Joe has a health problem he had better stay sick because he cannot afford to pay the doctor. If he takes part in a government health plan, his taxes will go sky high. If he wants to buy a car, and the average person in Canada cannot afford to buy a car, the first problem he faces is where is he going to get the money? Secondly, if he does get the money how can he afford to pay the interest on the loan?

Then, he is faced with the cost of educating his children. I can give the minister some facts on the costs of education. Further, if the average Joe does get an education, where is he going to get a job in this country? Even the church is saying, "You have to pay more money." The clergy have to go on holidays and they want an extra dollar. Mr. Speaker, all the time I am talking about the average Canadian Joe. If there is a dollar left after he has paid for the necessities of life, and usually there isn't, the government will take it in taxes.

The average Joe used to be able to buy a dozen beer now and then. Following the recent tax increase in Ontario the price of beer went to $5 a case, so he cannot do that. He couldn't afford it in Newfoundland at any time. If he wants to go on holidays, first of all the government taxes hotel costs at 5 per cent or 10 per cent. Then, if he gets to an hotel he cannot afford to tip the waitress enough, and the waitress won't give good service unless she gets a good tip. If he has a television set he can't afford to get it repaired or tuned up. I could continue in this vein and talk about the cost of furniture.

What if the average Canadian Joe is not working? Here, I am talking about 20 per cent of the Canadians who lived in Atlantic Canada last year. In Newfoundland well over 20 per cent of them were unemployed, and in

some parts of Atlantic Canada and in the more rural parts of Newfoundland, over 50 per cent of them were unemployed.

If he is unemployed, is it because he does not want to work or is it because there is no job opportunity for him? I would like the minister to decide this one. But it isn't his problem. He got elected; he doesn't have to worry about these things. I hear all this talk about, "Send your dollars to Care of Canada." Sometimes it makes me wonder.

If the average Joe happens to be unemployed there is just no chance in the world for him to get beyond the level of holding body and soul together. He can forget about education and the other amenities. This is the same guy I was talking about a few minutes ago, whose taxes are so high that he has little alternative but to go on strike or watch his pay cheque go out the government window.

We in the opposition have brought this matter to the attention of the government this year. I look around and see many members who have told the government, "You are taxing the Canadian worker into the ground." Some hon. members across the way say that is the way to bring inflation under control. They say, "Let us put a 3 per cent surcharge on his income tax; let us bring in an indirect taxation policy for all the provinces." This is the great cry I heard from the Prime Minister (Mr. Trudeau) today, that we are going to allow the provinces to tax Canadians indirectly. As taxes increase the average man pays another $5, another $10 or another $15. He gets himself in debt to the point where he has difficulty surviving, then he goes on strike. If he gets higher wages, then the government taxes him more. You cannot blame the average Canadian for becoming restless in the Canadian labour market. I see a number of hon. members here who are quite aware of the labour problems.

Am I going to blame the average Canadian for this? I feel like blaming somebody for the high cost of living, but when I see the results of the budget I cannot blame the average Canadian. As a matter of fact, I can only express surprise that he has not gone further.

Now, Mr. Speaker, if I may become a little parochial I will reflect on the position of the average Newfoundland worker today. In Newfoundland his per capita income, believe it or not, is roughtly $1,000 a year, about half of the average income in Ontario. If the average Newfoundlander who has a per capita income of $1,000 has a wife and two children, he will then have $4,000 per year.

Failure to Reduce Prices to Consumers

If you are living in Newfoundland and you make $4,000 a year, you have quite an income. You are perhaps a professional person. You are certainly not the average fisherman because fishermen make $1,000 per family per year. Anyway, this chap makes himself $4,000 per year. Let me explain what the average person can do with that, but let me take another Newfoundlander who is perhaps in the more usual situation in Newfoundland. I refer to the person who, according to the Dominion Bureau of Statistics, in February and March, 1969, was working for $62 for a 44.8 hour week. But as a matter of fact he wasn't, because he was out of work at that time. But if he had been working, he would have been making $62.

Now, if he works five months a year he is a lucky Newfoundlander—June, July, August, September and October. If the companies do not close him out before October he is fortunate. That nets him $1,240. Now, if the Minister of Labour (Mr. Mackasey) is not too tough he might be able to sneak in under the unemployment insurance regulations and get another $700, which brings him up to a total of $1,940. There are tens of thousands of people like him in Newfoundland.

• (9:00 p.m.)

Let us allow him 27 per cent for housing or let us make it 25 per cent; that is roughly $45 a month for housing. If he owns his own home he can put on clapboards every 25 years. If not he, has a place for $45 a month equivalent to the average Toronto outhouse if they still have them there. They don't—all right. In other words, he does not have a place to live. I am talking about an O'Brien when I am talking about an average Newfoundlander. Let us allow him 20 per cent for food. That is $25 a month or enough for two T-bone steaks at the Red Line restaurant for the Minister of Consumer and Corporate Affairs. We will allow him 15 per cent for clothing. That is enough for sneaker boots for his family if he has a gymnasium, but probably there would not be one at the school. Let us allow him 10 per cent for education, or about, $10 a month. Let us allow him 10 per cent for his leisure. We will even give him a holiday. That gives him approximately two bottles of Screech per month. That is what I am talking about.

This may seem a little funny to many hon. members, but I am talking about the average Newfoundland person who works in the average fishing operation and is trying to provide for his family delicious meals of the type for

which we do not pay very much in the parliamentary restaurant. I should like to refer again to the average fisherman in Atlantic Canada, and I am glad to see the Minister of Fisheries (Mr. Davis) here tonight because he will well remember what I am going to say. Last year we had what everyone thought was a very good program by which the average fisherman was guaranteed—Mr. Speaker this is a word we really love, "guaranteed"—that he would receive for his fish the average of the price that he had received in the previous three years. This is what he was guaranteed last year. So he received between 2 cents and 4 cents per pound if he lived in Valleyfield, Newfoundland and as high as 4 cents a pound if he lived in the more affluent parts of the province. This was the guaranteed price for his fish. If you look at the prices of this type of product on the market it is difficult to believe what has happened.

Again this year, everyone was delighted to find that the same fisherman would receive the same price for his fish that he had received in the previous three years. Forget about the increase in the cost of living, the increase in taxation and the increase in educational costs, they were to be guaranteed the same price they received in the past three years. So, he received this year between 2 cents and 4 cents a pound and as high as 4 cents a pound for his fish. Look at the price per pound of fish in the supermarket. You would never believe it. I tell you that you will look twice before you purchase it. It is a little difficult to believe. I looked this weekend and a pound of fresh Atlantic cod was selling for 75 cents a pound and a pound of fresh haddock was selling for $1.25. Where is the money going? It is not going into the pockets of the fisherman because he is being literally so dehydrated economically that he will blow away. This is the situation with which we are faced. The money is not going into the pockets of the average Canadian fisherman. Something must be wrong. The minister sits there, but he spends $16 million. The department says, "Come to Poppa". We are coming to poppa, but poppa says he has no money. He has no power; he has nothing.

In this blue document I do not see one bit of evidence that anything is being done for the consumer. I see all kinds of people earning $16,000, $18,000, $20,000 or $35,000 working for the minister. There are all kinds of administrative costs. I should like to have hon. members look through this document. The hon. member for Notre-Dame-de-Grâce (Mr. Allmand) has left his seat but is still in the house. I say to him that he should glance through it and see where the money is going. I do not see any evidence there of anyone in this department working to help the consumer. The minister is building a $16 million empire for himself. I would like to have this $16 million. As I said before, the country would save $15 million and I would be a millionaire.

I could go on and talk about the cost of education. I went to university in 1956. I spent $720. I did not drink any beer. I did not smoke any cigarettes. I purchased my books I studied and spent $720. Two years later I spent $1,500. In 1965 I was a student again. It cost me and my family—this is not a good statistic—approximately $7,000. This year I doubt if the average Canadian student could get through university with less than about $2,000. But the same student cannot find a summer job. If he does find a job he cannot earn enough money to buy his books and pay his tuition. Four hundred and fifty dollars is about the cheapest tuition fee you can find at a Canadian university. Again, if he does happen to get this $450 he will end up having to obtain a student loan with the highest rate of interest. I could go on and tell the hon. member for Notre-Dame-de-Grâce and the Minister of Consumer and Corporate Affairs that we do have a problem in Canada. Frankly speaking, I do not see any great effort being made by the government. You can present it in black, white, green, red, yellow, orange or in any way you like to show that we have a problem but they shake their heads. They do not see it.

Perhaps we have a government so geared to the sophisticated thinking about the great contributor to party funds that they cannot see beyond this. Basically, I do not think this government identifies itself with the average Canadian. I do not mind not being able to solve a problem overnight, but I do mind when we have a government which does not have in mind the interests of the average Canadian.

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, during the course of the debate today, or at least that part of it which I had the privilege to hear, there has been a great deal of complaining on the part of the opposition about consumer prices but no mention of what they would support by way of action to come to grips with the problem.

An hon. Member: You are the government.

Mr. Crouse: Resign; we will take over and show you.

Mr. Olson: We do not need to resign. The opposition members had a chance from 1957 to 1962 and again into 1963. They demonstrated how they could mess up the finances of the country. They were thrown out of office by the people of Canada and the number of seats they lost was an all time high. An opinion has been expressed that the opposition are confused. It becomes evident every day how the opposition is confused, so I do not think we need carry on a debate in that vein.

I think we should come to grips with the problems and identify them in an effort to indicate what ought to be done about them. I believe it would be wise for the opposition to say they believe the government ought to impose price controls, if that is what they favour. Certainly, it seems to me it is not in keeping with their responsibility to simply complain and try to point out some problems without suggesting what they would support by way of solution.

Mr. Baldwin: Read our amendments for the last six months.

Mr. Olson: I read it.

Mr. Baldwin: Not this one, all of them.

Mr. Olson: My only purpose in rising is to indicate that the basic producers, for the most part the farmers in this country, have not had an increase in the price of their raw materials in relation to the increases that have been charged at the retail level. I want to develop that point slightly, and then perhaps have one or two things to say about what has in fact happened over these a few years. The prices received by farmers for the products they sell, on the average have increased very little in recent years. In fact in 1951, 18 years ago, the index stood at 296.8 based on 1935-39 being 100. Of course we have to use that index because that is what was being used at that time. Last year, for the full year, the index was up to 302.2 on this base, or only up about 1 per cent. For the last month which is available, April, 1969, the D.B.S. indicates the index stood at 301, so it has gone up about 1 per cent on the average since 1951.

• (9:10 p.m.)

The composite index relating to what was paid by farmers for the goods and services they need in order to carry on their operations, and this excludes their own living costs, rose by 70 per cent during that period. So when we contend that farmers have not received a justifiable increase in the prices of the products they sell on the market there are statistics to bear out this fact.

For example, there were some complaints about beef prices. On May 1, 1952, choice steers sold in Toronto at $25.26 per hundred weight or about 25¼ cents. That is not the highest point at which beef sold, but by May 1, 1952 beef prices had declined rather significantly from what they were a few weeks earlier.

Then, we turn to May 1, 1964, but I can give you the figures for 1963 or 1962 if hon. members think they would be happier figures because these were the years they were in office. I am not blaming them for the price of beef, but I am pointing out it had declined by May 1, 1964 to 24¼ cents per pound. In May of 1966, the price stood at an average of 27¼ cents per pound for choice steers in Toronto. Bearing in mind these figures, sirloin steak sold on the market in 1952 for 93.4 cents per pound. There was a very small increase in receipts to farmers. By 1968, the price of sirloin steak had gone up to $1.26 per pound, with very little change in the live price of beef.

There has been a great deal of discussion about beef prices in the last few days, but this is not the only commodity for which there has been a price change. Let us turn to pork, for example. On May 1, 1952, a Grade A hog sold in Toronto at $26 per hundred pounds, and by 1968 this had gone up slightly to $27.55. Let us then take a look at the price of pork products being sold over the counter. On June 16, 1952 the price of pork products had increased. For example, pork chops were selling at 56.3 cents per pound. By 1968 this had gone up to 88 cents per pound and there had not been a significant change in the price received by the farmer.

You could go on and on to show this situation in respect of one commodity after the other. For instance, eggs were selling at 59.1 cents a dozen in 1952 and by 1968 the price had not even been maintained but had dropped to 55.6 cents.

Mr. Bigg: Where was that?

Mr. Olson: That is the average price here in Canada.

The point I am trying to get at is there are some other inputs in the cost factor between the producer and the consumer who purchases at the retail level. To make a blanket

condemnation of the government or anyone else involved in this situation, in my opinion, is not being honest, realistic or fair. There has been a very important change during that period of time in the kind of services that the consumer has demanded, and I mean demanded in a way that the consumer would be willing to pay for during this period of time. I am suggesting this is where we need to address our attention. What has happpened in processing along the way?

We had a very thorough examination made several months ago during which time witnesses were called. An attempt was made to see what justification there was for these price increases by the Joint Committee on Consumer Prices.

Mr. Horner: Would the minister permit a question?

Mr. Olson: Certainly.

Mr. Horner: If the minister believes there are other inputs that have caused these huge price increases, is he aware that in the last two weeks since the campaign was started by the minister of consumer affairs, the price to the producer has gone down about two cents? This is strictly the result of this campaign. Why did he not act quicker in condemning his colleague?

Mr. Olson: I did not act sooner, quicker or anything else in condemning the minister, because he was talking about the retail price of beef and I was talking about the price to the producer, which is not the same thing. My hon. friend knows that probably better than I do.

Mr. Horner: He was suggesting a boycott on beef in order to lower the price.

Mr. Olson: The point is that there has been a significant change in demand in respect of the amount of processing and other things which relate to the cost factor between the producer and the consumer.

To speak specifically to the matter of beef, I think it is pretty well known, and if it is not I should like to point this out, that the beef cattle population in Canada during the past three years or so has been declining. In 1951 the number of cows and heifers on farms which were kept for beef purposes was estimated at about 1,250,000. This number rose in a relatively steady fashion for ten or 11 years, and by 1965 had doubled. Since then there has been an annual reduction in the number of beef cattle on farms. For example, in 1968 there were 2,920,000 as compared with 3,035,000 in 1965. I do not believe there is anything more convincing that the production of a certain commodity is not paying sufficient returns than the fact that people discontinue production or reduce it. That is exactly what has happened.

Mr. Woolliams: Might I ask the hon. minister a question?

Mr. Olson: I understand the hon. member for Calgary North (Mr. Woolliams) had a chance to make a speech earlier today. Perhaps he would let me do that now because I am trying to sort this out in perspective. If we are to have the quality and quantity of beef in Canada that I believe Canadians ought to have, because we can produce it here, surely Canadians are not going to object to paying the producer for the cost of that production.

There is a choice that consumers can make as to which cut to buy at certain seasons. Certainly, the entire beef animal is not made up of steak. There is a great deal more to that animal and I know that even today when all these complaints are being made there are cuts of high quality beef available at substantially lower prices than those quoted here in the house. I think this is more directly related to what the Minister of Consumer and Corporate Affairs (Mr. Basford) was talking about.

Mr. Basford: They just want to confuse things.

Mr. Olson: When the farmer takes his animals into the stockyard he has to sell the whole animal, not only the sirloin and T-bone steaks.

Mr. Woolliams: We discussed that.

Mr. Olson: You may have discussed it, but I am not sure you appreciated it.

Mr. Woolliams: On a point of order, Mr. Speaker. The Minister of Agriculture (Mr. Olson) was not here today to hear my speech. He did not think it important to be here this afternoon. The only point I want to make is that I was very fair in that regard, pointing out that the dressed weight of a beast represents only 60 per cent of his weight on the hoof. I was very fair in showing the difference, and very careful in that respect. I ask the minister—

• (9:20 p.m.)

Mr. Whelan: You are splitting hairs.

Mr. Woolliams: You could not split fish; that is why they made you Parliamentary Secretary to the Minister of Fisheries. The hon. member is ignorance personified.

Mr. Olson: To further substantiate the point I am trying to make, I would like to quote some other statistics. In 1949 the farm value, or the farmer's receipt, as a per cent of the retail value on domestically produced foods—this includes the whole group—was about 60 per cent. By 1950 to 1954 his percentage of the dollar had gone down to 56 per cent; by 1955 to 1959 it had gone down to 47 per cent. Then there is the period that hon. members in the opposition like to talk about. I refer to the years 1960 to 1964. In that period, the percentage of the farm value of food had gone down from 47 per cent to 43 per cent. So, there was not any change just because a different government was in office. By 1965, the farm value was 44 per cent; by 1966 it had risen to 45 per cent; and in 1967 it went down to 43 per cent.

This has been going on regardless of change of government, and so on. It seems abundantly clear to me that when there are great complaints about the increase in the cost of living index and the component part related to food, this increase has not occurred because the farmer has obtained larger receipts. I notice that there are complaints about the cost of living and these complaints are usually made in regard to food; indeed, two or three years ago far more attention was paid to that component of the cost of living index than any other. Yet when you examine the facts, the Dominion Bureau of Statistics figures from 1950 to 1965 show that the price of food has increased less than any other component factor in the cost of living index. It is important that this be understood by the consumers of Canada.

I could go on for quite a long time and select other food items. I could go on and quote statistics to substantiate what I am trying to point out. However, I shall not do so because the opposition suddenly say they agree with me and have pointed out these things. We realize that there is an increase in the cost of food, but I suggest that when complaints are made that it is because of gross farm receipts, this is not the place to look for the increase in the cost of living.

I would also like to suggest that neither the opposition nor the people of Canada would like this or any other government to introduce rigid price controls. Price control in a free market economy is effected by what the consumer demands with her purchasing. There has been a very significant increase in the processing, packaging, servicing, and so on demanded by the Canadian consumer. I am not saying the Canadian consumer is wrong. If he or she wants it that way, of course all they need do is purchase highly processed foods. This has been going on for a long, long time.

The conclusion, Mr. Speaker, I say that if the situation with respect to beef is to be one in which the producer will be denied this recent adjustment in price, we will return to a situation where it is not profitable to produce these animals. I suggest that further down the road there will be more difficulty, because the supply situation will not meet the demand. This is precisely what has happened in the beef market during the last few weeks. What is more—and perhaps this is to some extent being overlooked—exactly the same thing is happening in the United States. Indeed, the increases we have experienced in this country were triggered in the United States some time in late March or April. So when we talk about a deficit supply of beef in relation to the demand, this is not confined to Canada; indeed, it is not even confined to North America. However, it did occur here rather suddenly. The unfortunate thing about this situation is that the price of beef did not start to move up and keep pace with the general price structure eight or ten years ago, If it had, we would not suddenly have found ourselves in the position we are today where there is an acute shortage in relation to the demand.

I hope all those people who may be inclined to condemn the farmer and the producer for the situation today will bear in mind all these other factors that are not only equally important, but are substantially more important in regard to what has happened to the price of some food products.

Mr. J. H. Horner (Crowfoot): Mr. Speaker, I rise with some hesitancy to speak in this debate, because I ask why I should make, in the eyes of the consumers, a knight in shining armour out of this so-called consumer affairs minister. He has attempted to gather consumers' votes all across Canada. It is a well known fact that there are more consumers than producers. It is a well known fact that there are more votes to be gathered by appeasing the consumer and asking: Who cares about the producer? The producer has become a very lowly force in the political sphere of Canada.

Failure to Reduce Prices to Consumers

One can readily see why the Minister of Consumer and Corporate Affairs (Mr. Basford), the Minister of Agriculture (Mr. Olson) and the government have attempted to bring down the price of beef to the producer. In fact, since the minister's statement of two weeks ago one can check the statistics of the livestock market and he will find I am stating the fact. Two or three weeks ago in the Calgary market the price of prime steers to the producer was 35 cents a pound. Today it is down to 33 cents a pound. This is a direct result of the fear instilled by the Minister of Consumer and Corporate Affairs when he bought the argument of Loblaws which was quoted earlier today, and I shall quote it again. This newspaper article reads in part as follows:

> Federal Consumer Affairs Minister Ron Basford has urged consumers to boycott beef, saying they are the only people who can bring the price down. His statements supported a boycott call by Leon Weinstein, President of the Loblaw Groceterias Ltd. supermarket chain.

The minister should put a feather in his hat because he has already brought down the price of beef to the producer by two cents a pound. I heard over the weekend the great defence of the primary producer by the Minister of Agriculture, who stated that the price of beef is justified. The producers have had no basic increase since 1951, when the price was as high as it is now. It took a sharp drop after 1951, and then slowly worked its way up again.

• (9:30 p.m.)

I ask the Minister of Agriculture (Mr. Olson): How are we going to keep up the price to the producer in view of the fact that his colleague in the cabinet is urging consumers to boycott beef? Is that the way the price is going to be maintained? I do not think he would agree with the Minister of Consumer and Corporate Affairs, and certainly no one in the primary producing field would agree. It is all well and good for the Minister of Consumer and Corporate Affairs to agree with the grocery chains and the supermarkets, but what about the Batten report which was supported by the prairie provinces a few years ago? Who did the commissioners think was the biggest culprit responsible for the increased cost to the consumer? It was not the primary producer. They suspected it was the chain stores, and they had plenty of evidence to substantiate their suspicions. The minister said: Bring out your evidence, and a member on the other side also asked for evidence. The Batten report brought forth plenty of evidence.

One can go back and look up the Gordon report of 1956 and 1957 in which the whole matter of the price of meat was dealt with. The minister sits there and chews his hearing aid. He would be better off if he put it in his ear and listened. It is all well and good for the Minister of Agriculture to suggest that, although he has come late to the defence of primary producers, better late than never. I suggest to him that he came to their aid two weeks late. What is the official position of his government with regard to the price of beef? That is the question that farmers ask themselves today. What did the Minister of Industry, Trade and Commerce (Mr. Pepin) have to say about this three weeks or a month ago in Vancouver? He said he urged primary producers in New Zealand and Australia to export beef to this country in the hope that it might lower the price of beef to Canadian consumers. How would it lower it, since it still has to go through the same marketing process and it still has to go through the same chain stores? It would lower the price of beef to the primary producer. That is who would be hurt.

There are two ministers over there against one. I think the one minister who is attempting to defend primary producers, instead of coming in two weeks late to their defence, in the future had better be two weeks early because he is against two ministers and it is pretty hard to predict where his leader stands in the matter. I would be inclined to think he is with the two rather than the one. In fact, there is no question about it. The price of beef has increased purely because of the shortage in the supply of beef, ever since the winter of 1964-65. One can go back and check the records to see that there has been a diminishing number of cows in the beef industry in Canada. At the same time the consumption of beef has gone up in the last 20 years, and so has the quality of the product. One has only to check the number of red and blue brands of beef that has been slaughtered every week over the past number of years to see that the percentage has gone up steadily every year. Consumers today are eating a better brand of beef. They are paying a little more for it, but it is nothing in comparison with the way in which the wage rates have increased.

Why has the number of cows gone down? Because farmers have not been able to foresee a return on the capital invested in the

ranching business which would warrant maintaining their cattle. That is the answer. Ranches have gone out of business and ranchers haven gone into other forms of the livestock industry. The Minister of Agriculture knows this well.

The same thing has been taking place in the United States, so that producers over there cannot ship cattle into this country because their prices are also high, as high as ours in any case. Prices here have gone up to where they should be. Now I ask: How are we going to keep them there, and how will we maintain this return? Members of this house know well the problems which agriculture faces today. The only phase of the agricultural industry that is not subsidized to any degree is the beef industry, and I defy the Minister of Agriculture, the Minister of Consumer and Corporate Affairs or anyone else in this house to stand up and say that this is not so. There may be an odd experimental farm or an odd grading or testing station here or there that is subsidized, but on the whole the beef industry is the only sector of agriculture that is not subsidized whatsoever. What is the government prepared to do in that regard? Hit it on the head and knock it down so that it has to be subsidized! This is the line of reasoning of the Minister of Consumer and Corporate Affairs and of the Minister of Industry, Trade and Commerce. I pity the Minister of Agricultulre whose defence of livestock producers is so weak. Surely, he can do better. Certainly he should do better.

I do not want to belabour the point this evening because in doing so I fear I will only aid the campaign which the Minister of Consumer and Corporate Affairs has started. However, I must point out that agriculture today faces a severe crisis. There is wheat that has not been sold and there are feed grains that have not been sold. Our dairy products are subsidized to the tune of approximately $130 million a year, and yet surpluses are piled up in warehouses all across eastern Canada, particularly powdered skim milk. To top that off, the federal government has not assisted the farmers in marketing their products. On top of all that, most of southern Alberta and parts of Saskatchewan suffered a severe frost last week which brought untold damage once again to the agricultural industry. As if that was not enough, we now see the minister launch a campaign, with the aid of the C.B.C., to boycott the purchase of the one product which the farmers produce without aid from the government.

I urge the Minister of Agriculture to consider how we are going to keep the price of beef at the level at which it should be. How will he convince the Minister of Consumer and Corporate Affairs that the culprit may well be the chain stores which he so ardently supported? Is it because the Liberal party supports big money? Is it because big money has bought the Liberal party so that he has to support them in return in this hour of crisis for the agricultural industry? Is it because they have contributed a great deal toward the recent campaign of his lader? Is this why he feels that he has to support them and why he takes up their cause to protect them? The Batten report gives plenty of evidence as to why this situation has developed. Why does he not look into it? Is he afraid to find evidence that his own friends are the culprits and that the big money interests of the Liberal party are the culprits? Is this what he is afraid of?

Mr. Basford: We are already investigating.

Mr. Horner: That is very interesting. I hope the minister carries this investigation to the limit in order to obtain the answer. As has been mentioned by the hon. member for Calgary North (Mr. Woolliams), the price of beef to the consumer has gone up by approximately 68 cents a pound, which has brought a very small increase to the producer. Some of that increase has already tapered off as a result of the campaign which the minister started with the aid of the C.B.C. and the other news media.

I ask the Minister of Agriculture to take action in the defence of the primary producer and to do his fighting in the caucus. Let him condemn and educate his colleagues in the cabinet before they make any unwarranted charge against the only sector of the agricultural industry that is not a burden to the taxpayer today. Before they make any foolish statements again let him counsel them, advise them and urge them to seek advice from the people who know. These careless, offhand statements only reduce the price to the producer.

• (9:40 p.m.)

There is one point the minister may have overlooked. When the producer received the lowest price for his product, the margin open to the chain stores goes up. This is documented in the Gordon report on our economic

prospects, a report which came out in 1956 or 1957. When the primary producers receive least for meat on the hoof, whether hogs or cattle, the margin of profit open to the chain stores and processing plants widens, because there is a readiness on the part of consumers to buy. This is why the chain stores want the price of beef to the producer to drop; it is so they can get a bigger profit themselves. One has only to look at their profit figures to see that they have not suffered. The very fact that the numbers of cows has been so greatly reduced from 1954 onward suggests that farmers and ranchers have suffered, and have reduced their herds correspondingly. Once again I urge the Minister of Agriculture (Mr. Olson) to advise his cabinet colleagues so that they can make shrewder public statements, statements less injurious to the industry.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I was surprised to see a fight developing between the Minister of Consumer and Corporate Affairs (Mr. Basford) and the Minister of Agriculture (Mr. Olson).

Mr. Olson: What fight?

Mr. Peters: It may be a paper fight. It certainly has not done any damage to the individuals concerned if they are carrying on a publicity campaign over the C.B.C. However, they have drummed up some interest in he subject and it may all be worthwhile. My view is that agricultural policy should be explained by the Minister of Agriculture to the minister of consumer affairs, because such policy has played a great role over the past few years in bringing about higher beef prices in Canada.

The minister referred to the year 1952. I remember that in those days we were producing milk. The milk went into a national pool where it was turned into large quantities of butter. The government's whole attention at that time was directed to the elimination of a butter surplus.

I recall that in those days we were selling day-old calves for $2. The other day I was surprised to learn from a person in the cow-calf operation that he had to get at least $100 from various sources as the price of that calf. Well, if the price of calves increases from $2 to $100 one can expect that the price of beef will be prohibitive. We have spent time and effort over a long period in getting rid of surpluses as they developed and part of our problem today lies in the nature of the short term measures used to get rid of those surpluses. Visiting dozens of farmers in the last few weeks, we have noticed an extreme shortage of calves for the feed industry. In future, the production of calves will become more and more difficult, partly because in western Canada the Liberal government has made plans to end what it calls the non-efficient production of cream.

Everyone raised on a farm knew that cream was uneconomic to produce. However, it is a by-product of the dairy industry. Many farmers were shipping one shotgun can of cream, but they were using the skim milk on the farm as a by-product to feed five or six calves.

All these calves went to the feeder cattle industry either directly or indirectly. We have cut this out. We have eliminated 30,000 or 40,000 of these producers who were so ineffective from the point of view of the government. I do not care what the minister of consumer affair does. Over the last ten years we have eliminated an important source of calf production in this country and we shall not be able to replace it. I think it is ridiculous for anyone to consider going into a cow-calf operation in circumstances where calves are worth $100. As I say, we used to sell these calves for $2 each. Indeed, only a few years ago I can remember going to auction sales and seeing day-old calves sold at from $15 to $25. Nowadays, there are not enough calves to meet the demand and prices will continue to increase.

The Department of Consumer Affairs will not be able to control this movement unless it is able to control the long term planning of the whole industry. Fortunately, here in Canada we have been able to produce food at low cost. We have not experienced the high field prices which have prevailed in other countries. We have always been able to produce in abundance. But if we make it uneconomic to operate any segment of agricultural production we shall be faced with shortages, and we may even be obliged to import food.

I listened to one of the speeches made this afternoon by an hon. member who was evidently using up some of the notes he had made for the budget debate. He told us this country had not done any worse than the United States. If the minister of consumer affairs is really interested in doing something for the consumers of this country he had better look at the attitudes his colleagues are taking toward the financial institutions of this country, because in every instance we have been discussing the problems of the agriculture industry we are finding that at the basis

of those problems lies the high rate of interest. Many of those who are engaged in the agriculture industry today are no longer farmers as I knew them or as the Minister of Agriculture knew them. They are agricultural-industrial producers and in most cases they are operating with at least $100,000 in capital, most of it borrowed at between eight or nine per cent. If they are to survive they will have to pay these rates and the only person who can enable them to do that is the consumer.

Any minister of consumer affairs worth his salt will have to consider methods of reducing the cost of capital or else we shall be in serious trouble. To return to the point I had begun to make earlier. The hon. member for Notre-Dame-de-Grâce (Mr. Allmand) said there was no problem—we were not much worse off than the United States. Possibly he has not looked at the financial pages reporting developments in the United States, but there is an indication that the United States may soon encounter yet more serious difficulties than those which face it at present. Apparently there is not sufficient money available to allow transactions to be made on the stock exchange—indications are that there may not be enough paper money to head off a run on the banks should a run develop. The hon. member may tell us we are no worse off than the United States but I can find little consolation in this assurance. The other day we talked to a number of farmers who were buying fertilizer, a most important commodity in all spheres of agricultural production.

• (9:50 p.m.)

I was interested to note that farmers have to go to the United States to buy a new type of liquid fertilizer. It is not produced in the United States; this fertilizer is produced but a few miles from the farms of these farmers, yet it has to be bought in the United States from some source and delivered to them. This source was only a few miles away. Certain financial interests have now become involved and this liquid fertilizer is moved in bulk by trucks to the United States border. The bill of lading is then signed at the customs office, the fertilizer brought back into Canada and delivered to farms 15 to 20 miles away. I should like to know why this situation has not been referred to the combines investigation branch for investigation. These farmers were told this would be a waste of time. They were told that perhaps the United States might not sell them any fertilizer if they asked for an investigation. In the interest of reducing agricultural costs I think the minister would be quite justified in spending some money in holding an investigation into such a situation. The farmers are told they will be penalized if an investigation is held, that consequently the investigation is not worth the effort.

There are many other commodities apart from fertilizer that might bear examination. I have read many reports by the combines investigation branch over the past three or four years and I agree with them that the penalties imposed are but a licence. A lot of money is being made from disgraceful monopolies of this sort. There is no effective combines legislation in this country. There is no protection from combines that increase the price of beef on the market.

A few minutes ago I noticed the Minister of Fisheries (Mr. Davis) reading the back page of this evening's Ottawa newspaper, and if my memory serves me aright—though I did not pay too much attention—cheese is advertised at 56 cents a pound in Ottawa. Normally, this cheese sells in Ottawa stores for 78 cents, but apparently it has been put on special at 56 cents. The stores can do this because that cheese costs only 41 cents a pound in Belleville. The store would have to send the cheese from Ottawa to Belleville and pay for transportation both ways in order to store that cheese, so it is much better to sell it at 56 cents a pound and content yourself with 15 cents a pound on the transaction.

By selling that cheese at a fair market price of 56 cents a pound—and I suggest it could be sold a hell of a lot cheaper than that—we are helping the farmers in this area who produce cheese. We are also providing our consumers with a good protein diet at reasonable price. Why not investigate this situation and ascertain whether or not the mark up on Canadian cheddar cheese is reasonable? I suggest a combine exists in the sale of cheese in which almost every dairy in the country participates. Only occasionally will a wholesaler put out a loss leader to a chain store, and this is to help the chainstore operator and does not show an interest in supplying a high protein product to the consumer.

It is my opinion that the consumer should not demand low cost agricultural products if this means the end of the industry. In my opinion we are not going to be able to reduce the price of beef to the consumer; rather the price will go up. It will go up because we have destroyed the cow-calf operation which is the basis of beef production. Without calves you cannot raise cattle for beef production. Western farmers can have as many bushels of

grain as they want to give the cows, but unless you have a cow-calf operation you will not produce any beef from this source for the Canadian market.

It must be borne in mind that you cannot produce overnight a cow-calf operation; it is a long term project. This sort of operation was effectively destroyed when we decided to discontinue butter production from farm separated cream. I suggest the cabinet evolve some long term programs to deal with this problem and other problems, such as the present surplus of skim milk powder. I do not think we are going to change anything, but I do hope that the minister will consider the problem of combines that I have mentioned and the long term agricultural problems so that we can perhaps do something to remedy the situation before the consumers finds themselves unable to buy groceries.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I realize time is running out but may I have two or three minutes to debate this matter. I listened to the hon. member for Peel South (Mr. Chappell), the hon. member for Don Valley (Mr. Kaplan) and the hon. member for Notre-Dame-de-Grâce (Mr. Allmand) but I should like to comment first of all on something said by the hon. member for Don Valley. The hon. member said that as long as there are no signs of a depression or a recession, all is well. I do not understand that type of reasoning. After all, when the noose is tightening around one's throat one knows the end is very close. At such times you do not worry about whether or not there is going to be a depression or a recession.

I suggest that what is required is a policy to remedy what is a fact of life, namely a policy that will enable the people of Canada to buy what they cannot at the moment afford to buy. The hon. member for Don Valley must have thought that he was debating this question in front of some high school children, because he referred to economic theories and went on and on. The important thing to remember is that it is a fact of life that the cost of living is going up and up. Inflation is simply beyond comprehension.

I heard the hon. member for Peel South say that he was not even interested in the price of beef. Perhaps he is a vegetarian or is a consumer of caviar, but I should like to inform him that there are many people who are interested in the price of beef. These people want to know just what is going to happen to prices in this country; it is as simple as that.

[Mr. Peters.]

The hon. member for Notre-Dame-de-Grâce dragged in the usual red herring and put many statistics on the record relating to the position in the United States.

Mr. Deputy Speaker: Order, please.

Mr. McGrath: On a point of order, Mr. Speaker, I wonder whether the house would be disposed to let the hon. member continue for an extra five minutes?

Mr. Deputy Speaker: Is there unanimous consent to allow the hon. member to continue for five minutes?

Some hon. Members: Agreed.

Mr. Alexander: Hon. members have somewhat embarrassed me, because I could carry on for some time now. Let me inform the hon. member for Notre-Dame-de-Grâce that we are not interested in statistics in the United States or in Great Britain. What we want is some leadership from this government. The hon. member refers to the position in the United States of America, but that country has a gross national product that is five times ours and a population of 210 million. Let him not compare their economy with ours. If this government has any programs, we will carry them out. I was tickled when I saw the hon. member stand up to justify the minister's position. That is plural. One says, go ahead and block the increase in the price of beef. The other says he is happy about it. I would like to see members of the government get together now and again and come out with a statement on which they all agree. They say it does not matter. Nowadays frustration seems to be the point of this government—frustate the people, bring in the red herrings.

• (10:00 p.m.)

It is very important that we debate items of this nature because I think the government is pulling the wool over the eyes of the Canadian people. Do you know what the government thinks is important? They think the official languages bill is important. I say one thing, if the bellies aren't full, you don't have to worry about any official languages bill. The government talks about the omnibus bill and homosexuality between two consenting adults. Who cares about that? Abortion? That may be important to some people, but those are the nitty-gritty issues. What is important are the nuts and bolts or bread and butter issues.

Mr. Cafik: May I ask the hon. member a question?

Mr. Alexander: No, you cannot ask me a question. I have only four minutes. I wish to read a little story which will take up the balance of my time. This story is from the book, "Life for the Choosing", the 44th Annual Report, 1969, Board of Evangelism and Social Service, the United Church of Canada. The reference in this story is to poverty in Vancouver. I am even bringing in some one else's riding: I am reading from page 95.

> When you're old and alone and you measure your days with nickels and dimes, rising prices are more than an inconvenience. They choke off life's last small pleasures and kill the final glimmer of hope for something better.

Mrs. McLeod was asked, how do you live on $1.54 a day? She replied, poorly. Now listen to this:

> Old people, Mrs. McLeod rationalizes, have little need or yearning for rich fare such as steaks, chops or roasts. She shops for bargains in liver, chicken wings, sausage; soup bones, at 10 or 15 cents each, are a staple.

That is almost what you would call soul food, Mr. Speaker.

> "I make a lovely soup from two or three bones and some vegetables," she said. "I make enough for a week and put it in jam jars in my refrigerator. I have a jar of soup every day for my lunch."

What I want to know, Mr. Speaker, is whether or not the government is going to project the principles of the just society. The people of Canada are waiting for leadership. I say to the government, don't be hesitant to come before the people of Canada with ideas. I know the government is bankrupt of ideas. There is a crisis here that must be faced, Mr. Speaker. The people of Canada cannot stand the rising prices which we pay for meat, clothing, housing or rent. People need direction. This is the call of the government. This is why they have 155 seats, temporarily. Thank you, Mr. Speaker, for allowing me to complete my remarks.

Mr. Deputy Speaker: Order, please. It being ten o'clock, it is my duty to inform the house, pursuant to section 11 of Standing Order 58, that the proceedings on the motion are considered to have expired.

I understand the Minister of Consumer and Corporate Affairs (Mr. Basford) will announce the house business.

BUSINESS OF THE HOUSE

Mr. Basford: Mr. Speaker, on behalf of the government house leader I think it would be useful to put on the record the business for tomorrow, and may I remind hon. members that the house will meet at ten o'clock in the morning. The first item to be called will be No. 75 on the order paper, third reading of Bill No. C-192 regarding the National Housing Act. The second item will be No. 82, report stage and third reading of Bill C-201, again to amend the National Housing Act. Following that we will deal with item No. 78, report stage of Bill C-195 to amend the Fisheries Improvement Loans Act, and following that No. 90 on the order paper, second reading and reference to the committee of the whole of Bill C-207, dealing with Atlantic transportation assistance. If we conclude all of that tomorrow, then on Wednesday we will deal with item No. 4 on the order paper, report stage of Bill C-120, the Official Languages Act.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under Standing Order 40 deemed to have been moved.

CANADIAN NATIONAL RAILWAYS—CONSULTATIONS RESPECTING PENSIONS OF RETIRED EMPLOYEES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I believe a request was made that this item be postponed until another occasion, when the Minister will be here, and so perhaps you might call the hon. member for Surrey (Mr. Mather).

NOISE ABATEMENT—STEPS TO COMBAT NATIONAL PROBLEM

Mr. Barry Mather (Surrey): Mr. Speaker, a few days ago on Orders of the Day I attempted to ask the Minister of National Health and Welfare (Mr. Munro) a question relative to noise, and particularly noise in industry. I wanted to know what consideration the government is giving to this very important area of public health. Noise is now recognized as a major non-fatal disease in the United States, and last month that country took legislative action to combat it. At the time Mr. Speaker ruled the question out of order and, accordingly, I take advantage of this late period to raise it again.

Hon. members may recall that a few weeks earlier a bill of mine was given first reading, the point of which is to limit the noise

volume in factories or other establishments having business with the Government of Canada to 85 decibels. I want to say at once that this limit of 85 decibels is a very high level and one which, in many minds, should be reduced to a much lower level. But in my opinion it would be a start and an example. At 85 decibels the noise volume is described by health experts as, "when you can hardly hear yourself speak." I am very hopeful that the Minister of National Health and Welfare who, in my opinion, is a very forward looking minister and is taking up the several health problems of the nation as best he can, will be interested in trying to do something about noise as a health factor as soon as his department can get around to it.

Hon. members may be familiar with recent magazine and newspaper agitation for action on this issue, I quote from an editorial in the Toronto *Globe and Mail* of May 26, which says in part:

> How many of us escape . . . sound pollution? Even farmers, who are supposed to be safe in the quiet countryside are going deaf at a rattling rate because the tractors they drive make a racket from 7 to 29 decibels above the 85 decibel level at which hearing is damaged. Such hearing loss is imperceptible in its advance until it becomes serious, and it is incurable. Dr. Douglas Warren of the University of Toronto's School of Hygiene has described deafness, whether partial or total, as Canada's major non-killing public health problem. It is a sad condition, too, which often drives the victim into emotional isolation.
>
> Yet this very serious problem has scarcely been assessed, let alone tackled.

I wish to give another brief quotation from a submission of the Ontario Federation of Labour, as follows:

> The number of industrial workers subjected to harmful noises very likely exceeds those exposed to any other occupational hazard.

As I said earlier, last month the United States government moved to combat this health problem caused by noise. My question tonight is again, what action does the government, either through the Department of National Health and Welfare or the Department of Labour, intend to take to combat industrial unrest in Canada.

• (10:10 p.m.)

Mr. Yves Forest (Parliamentary Secretary to the President of the Privy Council): Mr. Speaker, on behalf of the Minister of National Health and Welfare (Mr. Davis) who will not be here tonight I shall try to answer the hon. member's question. First of all I should like to commend the hon. member for his timely comments in respect of this growing problem. The department is actually preparing a summary of its activities in this area which will be forwarded to the hon. member shortly. At this time, however, I should like to report to the house that the matter of noise pollution control has been under review and development by the department for some time. The Department of National Health and Welfare, as in the past, continues to work with various other government agencies such as the National Research Council in an attempt to find solutions to specific problems and perhaps more importantly to develop practical standards to guide industry and government in the control of these growing problems.

The department intends to continue its current level of activity in the forthcoming fiscal year with a possible increase in its activity in the next fiscal year in recognition of the growing need for information and practical measures of control.

NATIONAL PARKS—BOUNDARIES FOR WOOD BUFFALO PARK

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, my brief talk this evening arises as a result of a question I asked the Minister of Indian Affairs and Northern Development (Mr. Chrétien) a few days ago. I do not know whether he is here or whether someone is here to answer for him. I saw him here a few moments ago. I asked him whether he could give some information concerning when negotiations with regard to the boundaries of Wood Buffalo park would be resumed between the province of Alberta and the federal government. I put this question to him because I feel the people of northeastern Alberta, Fort Chipewyan, Fort Smith and the people in part of northern Saskatchewan in the Eldorado region as well as the people in Fort McMurray, have been victimized by this government and to some extent perhaps by the government of the province of Alberta.

This victimizing has been done as a result of the two governments blaming each other for inactivity in respect of the development of Wood Buffalo park. There are two major problems which I should like to mention. One concerns the industrial development in the area of the park to provide jobs and the other is the matter of the construction of roads in the vicinity of the park in order to provide a communication link with the rest of the province. As I mentioned previously, the greatest problems in this region are those of isolation, unemployment and abject poverty among the

citizens who live in that section of the country.

In February, 1968 a northern roads conference was held at Fort McMurray at which representatives from the Alberta, Saskatchewan and the federal government participated. At that time these representatives from these three governments indicated that as soon as the federal government and the government of Alberta could reach some settlement concerning the boundaries of the park some sort of industrial development program would be undertaken.

When I came here last fall, I attempted to find out what negotiations, if any, were in fact going on. Much to my dismay I found that no active discussions had been going on for two years or more, and that the responses given to the people in that region brought about a misconception of the situation on their part. Prior to Christmas I asked the minister this question:

> Are active negotiations under way between the federal and the Alberta governments concerning the Wood Buffalo Park boundaries and is an agreement imminent?

The answer was:

> No, however, it is anticipated that discussions with the province of Alberta will be resumed in the near future. It is not possible to state when agreement will be reached at this time.

I spoke to the premier of the province of Alberta three weeks ago. At a public meeting he indicated that as soon as an agreement could be reached concerning where the boundaries should be they could proceed with some industrial development to provide jobs for the people of that area. I should like to know whether any negotiations are going on at the present time, whether the federal government has any plans to negotiate the ownership of that park, and if so when. The provincial government indicated it is willing to make a trade with the federal government for some land which I think is known as the "badlands". It is not willing to give as many acres of this land as are contained in Wood Buffalo Park, since this is such a huge area. The provincial government has at least led the people to believe that industrial development would take place in that region if that trade could be made and that development would be possible once it was no longer park land.

It is fair to say that the people in northeastern Alberta are tired of hearing one government blame another by saying that unless an agreement is reached nothing will happen when there really is no intention that anything will happen. I was in Whitecourt a few weeks ago and the people there still think something is imminent and will happen within a few months or within the next year. I do not think anything will happen and it is not fair to the people in that area of the country to mislead them in this way.

There is to be a new road conference at Eldorado in the near future when people are supposed to be told about a new highway north of Fort McMurray to Fort Smith and Fort Chipewyan. The provincial government apparently has surveyed this highway and it will release information as to whether it will go ahead. I wonder whether the minister can tell us that the government really plans to participate in the construction of a highway like that. If he cannot, will he say so in order that the people will not expect something that is not going to happen? It is time we were honest with the people of Alberta, and I hope the minister can provide some of these answers.

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I should like to thank the hon. member for calling my attention to this problem of which I have been aware now for some time already.

It is true that in the Wood Buffalo Park, in Alberta, some problems now under consideration do exist.

The first matter which I should like to bring up is whether or not the Wood Buffalo National Park should be a provincial or federal park.

I must tell the hon. member that the land which was set aside for the Wood Buffalo National Park belonged to the federal government and that only later on was the control over that land passed on to the Alberta government. That land has always belonged to Her Majesty in the right of Canada and it is wrong to say that we should hand it back to the government of Alberta because it never belonged to it.

The Wood Buffalo National Park is a very big park. I know that problems do exist, that Indians are living there, and that it might be possible to work out some arrangements in order to meet their wishes and to promote their economic development. The problem exists and we are now studying plans related to it together with the government of Alberta.

I must admit that negotiations may not be going as fast as the hon. member would wish, but in 1967 or 1968 I think my predecessor informed the government of Alberta that he was considering the possibility of some exchanges that might solve the problems now existing in the Wood Buffalo Park, which would enable us to complete our national parks network in Alberta by acquiring the undeveloped lands in the south of the province. However, the negotiations are still going on.

As for the problem of the road, I must say that it is a huge park and almost intact which constitutes one of the rare areas in Canada and even in America where such a large stretch of land has been reserved for the conservation of wild life. We have had some success with the conservation of the western buffaloes which represent a very important part of our national heritage.

I know that within 10, 15 or 20 years the people of Alberta like the other Canadians will be grateful to us for having taken the necessary measures to maintain this park in the best possible condition.

As for the question of building the road, it is connected with the importance of the park and with the activity that can be found there.

I know that the province is interested in building a road near the park and that some border adjustments would perhaps be necessary so as to allow for its construction. I am prepared to discuss the matter with the government of Alberta in order to find a solution to this problem.

But I doubt that we have the necessary funds to build a road—unless the Alberta government wants to do it at its own expense—seeing the province can afford it; if it were to decide to do so, an agreement could certainly be reached—from the southern tip of the park to the Northwest Territories. Later on, it might be possible, but according to me, we would be unable to build it across the park within the next few years.

I can assure the hon. member that I take a personal interest in the problem, and that I shall take all the necessary steps to meet the demands of the people who live in the park, the Indians and, at the same time, to find an equitable solution not only for the citizens of Alberta but also for all those Canadians who are interested in conserving that land for future generations.

Mr. Deputy Speaker: Order. This house now stands adjourned until ten o'clock tomorrow morning.

Motion agreed to and the house adjourned at 10.24 p.m.

HOUSE OF COMMONS

Tuesday, June 17, 1969

The house met at 10 a.m.

HOUSE OF COMMONS

ISSUE OF EXPERIMENTAL ORDER PAPER IN ABRIDGED FORM

Mr. Speaker: Hon. members will notice that a special abbreviated issue of the Order Paper has been circulated this morning. The normal Order Paper will be circulated later this morning, as is the custom.

I think I should bring to the attention of hon. members that a suggestion was made some time ago that considerable savings could be effected if the complete Order Paper were published once a week only, perhaps on a Monday, and an abbreviated Order Paper, perhaps in the form which is now before hon. members, on other days from Tuesday to Friday. This, it was said, would result in a great saving of money.

Of course nothing would be done without the agreement of hon. members, but it was thought that on an experimental basis until the end of the current part of the session, we would publish both the ordinary Order Paper and an abbreviated issue so that hon. members might look at it and see what might be the advantages and the disadvantages in each case. In due course the Chair will be pleased to hear from hon. members. I might add that this proposal was discussed by the Chair with representatives of parties, with the house leaders. It was agreed that the matter might be looked into by hon. members and that the best way to proceed would be to distribute, on an experimental basis, an abbreviated issue of the Order Paper for hon. members to consider.

GOVERNMENT ORDERS

NATIONAL HOUSING ACT

AMENDMENTS CLARIFYING DEFINITIONS AND DEALING WITH THE INTEREST RATE ON INSURED LOANS, AND OTHER MATTERS

The house resumed from Friday, June 13, consideration of the motion of Mr. Andras (p. 10136) for the third reading of Bill No. C-192, to amend the National Housing Act, 1954.

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, when the house adjourned last Friday evening I had been discussing what we in this party consider to be two of the major sins of omission in this legislation. One is the lack of any comprehensive program to provide housing for people on low incomes. I also expressed deep disappointment and indignation about the fact that the public low rental projects now being removed from the deep freeze, in which they had been placed following publication of the report made by the task force on housing, should be allowed to proceed without the provision of inside recreational facilities. I expressed the hope that the minister in charge of housing would take steps even at this late stage to rectify that situation.

I suggested that this could be done in these projects by modifying them in such a way that, if necessary, planned suites could be converted into recreational facility areas or, better still, that the minister should use this occasion to work with municipal or metropolitan authorities, as the case might be, in order to erect community centres in adjoining neighbourhoods that would serve both the people of these low rental projects and the people of the adjoining communities. This would be a method of preventing the walls of the ghetto rising around public housing projects.

I am sure that the responsible people in the various cities would be only too pleased to see such an initiative taken by the minister so that they would be able to create community centres with federal help. Such community centres would do much to avoid the development of the ghetto mentality. As the Canadian people will find out in years to come, they are being short-changed on these two counts, the failure to provide public housing, and the failure to provide at least inside recreational facilities in some of the projects now being built.

• (10:10 a.m.)

I see no reason why the mistakes which caused the task force to be formed in the first place and which caused the task force to

recoil in horror from starting fresh ghettos should be repeated, as they will be by the minister's own admission, unless some change is made in respect of the housing projects now in process.

This morning I should like to touch very briefly on the other great sin of omission. I refer to the failure of this legislation to provide a program by which owner-occupiers of elderly down-at-heel houses can restore them to good condition. My colleague the hon. member for Greenwood (Mr. Brewin) dealt thoroughly and ably with this matter which affects people in the larger cities. While the minister says the bill will permit the upgrading of such housing stock as can be salvaged, this relates only to houses within urban renewal districts which by definition are already blighted, or substandard areas. What we need is help for small homeowners in areas threatened with blight but which are by no means yet decayed or beyond redemption.

What is required is legislation to provide preventive measures which can be taken by small homeowners and which will save the general taxpayer many dollars in the long run. To run over a whole area with a bulldozer is not the way to save the taxpayers money any more than it is the way to help the human beings who will be displaced and have to find other premises. We want to see measures taken outside these already blighted areas, in those areas which have not yet fallen into decay and blight.

Measures should be taken now to prevent the decay in the core of the cities. The Home Improvement Loans Act has failed to do this over a long period. It has been of service to those who could afford the loans, but not to those on modest incomes. In the words of my colleague the hon. member for Greenwood:

> The total expenditure in 13 years for the whole of Canada on home improvement loans by the federal government amounted to $2.3 million or $177,000 a year, so the big talk of raising the ceiling from $550 million to $600 million means very little when you look at the real government contribution of only $170,000 a year across Canada.

Then he concludes by saying that this is not a serious contribution to the solution of the problem.

What is needed now is a very substantial fund to provide interest free loans for older, moderately priced homes occupied by the owners. Such loans should be repayable when the house is sold or at the death of the owner.

[Mrs. MacInnis.]

It is because we in the New Democratic party are convinced that these two great gaps in the housing legislation now before us must be filled before there is hope of coming to grips with the most urgent housing needs of this country that I wish to move, seconded by the hon. member for Broadview (Mr. Gilbert) the following amendment:

> That Bill C-192, An Act to amend the National Housing Act, 1954, be not now read a third time but that it be referred back to the Standing Committee on Health, Welfare and Social Affairs, for the purpose of amending it so as to provide more housing for lower income groups and interest-free loans for the rehabilitation of existing housing.

Mr. Speaker: Order, please. Hon. members will appreciate that the Chair may have second thoughts in connection with the amendment proposed by the hon. member for Vancouver-Kingsway (Mrs. MacInnis). I am worried particularly from a procedural standpoint by the suggestion that this bill should not be read a third time but be referred to a standing committee for the purpose of considering the provision of interest free loans for the rehabilitation of existing housing. This would appear to be a money provision. Hon. members may wish to let the Chair have their views, but it seems clear to me that this amendment implies the expenditure of funds which must be covered by the Governor General's recommendation. I have serious doubts about accepting the amendment and putting it to the house.

If there is no view expressed by hon. members, I would have to rule with regret that the amendment cannot be put to the house because it involves a charge on the public purse. This type of amendment cannot be moved by an hon. member without the recommendation of the Governor General which I understand has not been obtained.

Mr. Knowles (Winnipeg North Centre): She might have tried.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Motion agreed to, and bill read the third time and passed.

NATIONAL HOUSING ACT, 1954

MEASURE TO EXTEND FORGIVENESS FEATURE IN SEWAGE TREATMENT LOANS—REPORT STAGE

Hon. Robert K. Andras (Minister without Portfolio) moved:

That Bill C-201, to amend the National Housing Act, 1954, as reported (without amendment) from the Standing Committee on Health, Welfare and Social Affairs on Friday, June 6, 1969, be concurred in.

Motion (for concurrence) agreed to.

Mr. Andras moved third reading of the bill.

Motion agreed to, and bill read the third time and passed.

FISHERIES IMPROVEMENT LOANS ACT

AMENDMENT TO INCREASE MAXIMUM ON GUARANTEED LOANS—REPORT STAGE

The house proceeded to the consideration of Bill C-195, to amend the Fisheries Improvement Loans Act, as reported (without amendment) from the Standing Committee on Fisheries and Forestry.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, before proceeding with this measure I should like to raise a point of order. My point of order in respect of Bill C-195 is that the provisions of this bill are in part inconsistent with certain of the provisions of an act to amend the Fisheries Improvement Loans Act, chapter 20 of 1968-69 Statutes which passed the house in the present session as Bill C-151. The most recent precedents on this point of order are Mr. Speaker's ruling of January 26, 1967, Commons Journals page 1231 with regard to a proposed amendment to a clause in the transport bill and Mr. Speaker's ruling of March 11, 1968, Commons Journals page 753 with regard to Bill C-193 and Bill C-207 which dealt with taxing provisions.

• (10:20 a.m.)

This bill and the earlier bill, now an act, both deal with amendments to the Fisheries Improvement Loans Act. The original act is simple in its scheme: it provides for a government guarantee on loans made to fishermen by lenders. Restrictions of various kinds are then placed on the guarantee, the loan, the fisherman, and the lender.

The earlier bill removed some of the restrictions on the definition of a lender; changed the interest condition of the loan and widened the government liability on the guarantee. In short, out of four elements—the borrower, lender, loan and guarantee—the two bills affect two identical elements; the loan and the guarantee, plus the fact that the present bill by clause 1, subclause 2 affects every element in the earlier bill by extending the life of the original act.

The resolution on the first bill defined the amendments that could be made to that bill and thereby negatived the amendments proposed in the present bill. A maxim of interpretation is that "The expression of the one is the exclusion of the other"; when the house approved the resolution and the two clauses relating to the loan and guarantee and, by implication, confirmed the determination of the entire scheme on June 30, 1970, the house negatived the further amendment, now proposed in the present bill, to the loan, the guarantee and the extension to the life of the scheme.

There is a loophole, however, that parliament has provided for some—not all—cases of this nature. The present case can be made to come within that loophole.

The Interpretation Act, 1967-68 statutes, chapter 7, section 35(2) provides:

An act may be amended or repealed by an act passed in the same session of parliament.

The effect of this provision is that where one bill has been enacted in a session, a second bill can amend, vary and repeal that act. The mistake that has been made in the present case is that both bills purport to amend the original act which, of course, was passed in an earlier session.

A proper procedure was followed in chapters 7 and 44 of the 1918 statutes which were respectively titled "An Act to Amend the Supreme Court Act" and "An Act to Amend the Act of the Present Session Intituled An Act to Amend the Supreme Court Act". In 1919, chapters 25 and 26 were passed. These were titled "An Act to Amend the Immigration Act" and "An Act to Amend an Act of the Present Session Intitutled An Act to Amend the Immigration Act". In the statutes of 1926-27, chapters 34 and 62 were titled "An Act respecting the Department of National Revenue" and "An Act to Amend An Act of the Present Session Intituled An Act Respecting the Department of National Revenue".

An important step to curing the defect in this bill, which otherwise would be unacceptable, so as to bring Bill C-195 within the loophole of the Interpretation Act is to amend the title so that Bill C-195 amends an act of the present session.

The title of the bill having been changed, it is not possible to proceed under the Governor General's recommendation for this bill or the recommendation for the earlier bill. The resolution on Bill C-151, now chapter 20, does not support the provisions of the present bill; while the resolution on Bill C-195 applies to an act to amend the Fisheries Improvement Loans Act. This is obvious by reference to the resolution and to the drafting phraseology of the bill itself. The resolution does not apply to an act to amend an act that was passed earlier this session.

In summary, Mr. Speaker, the title of the bill must be amended to take advantage of the provision in the Interpretation Act, which overcomes the parliamentary rule that the house cannot again consider a question upon which the house has already made a decision in the same session. Changing the title involves no expenditure of public funds.

If this point of order is accepted I would request that Your Honour put to the house the proposed amendment standing as No. 3 in my name.

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, I should like to say a word on the point of order. I have made a brief examination of the question raised as a point of order, in view of the fact there is an amendment standing in the name of the hon. member who just spoke in this regard. I have not prepared any statement of reasons along the line of that just given to the house, but I have examined the subject matter of the two bills in relation to their various clauses and also in relation to the wording of the recommendations from the Governor in Council introducing the bills.

Let me suggest to you, Mr. Speaker, that as far as I can determine there is no infringement upon the basic principle, with which I am sure we all agree, that the house be not asked to reach a determination on the same question twice in the same session. In other words, as far as I can see it, Bill C-195 does not ask the house to repeal or alter in any way the provisions of the earlier bill C-151. Therefore I would suggest that this is really not a serious point of order and that the time of the house should not be devoted to debating a question as to whether the title to the current bill should be amended.

Mr. Speaker: I thank the hon. member for South Shore (Mr. Crouse) for bringing this very interesting point to the attention of the Chair, and also the hon. member for Comox-Alberni (Mr. Barnett) for his participation in the discussion. I thank all hon. members for their confidence in the Chair in allowing me to reach a decision. The hon. member for South Shore was generous enough to indicate to the table and the Chair some time ago a point of order which he proposed to raise, and which worried him. This has given me an opportunity to look into the matter.

As the hon. member for South Shore has pointed out, the Interpretation Act does provide the possibility that an amendment may be debated at the same session with respect to an act of that session. The hon. member suggests today that to do that and conform with the Interpretation Act the title of the bill should be amended. I really do not see how a simple changing of the title of the bill would bring this particular legislation within or put it outside the scope of the Interpretation Act. I think the proposed bill must stand on its own merit.

I cannot imagine how a simple change in the words of the title of a bill would make it acceptable or unacceptable. I had some serious reservations initially as to whether it was in order to move an amendment to the title of the bill at this stage. I have looked at the precedents and there are very few to support the hon. member's contention that the title of the bill can be changed in the way he suggests.

I am quite willing to overlook this slight difficulty that may exist and, when we reach the proposed amendment, allow the hon. member's motion to be put to the house and let the house decide whether or not the title should be changed. However, I have an additional serious reservation in regard to the point of order raised by the hon. member for South Shore The house will have reached a rather late stage in the consideration of this bill. The bill has already received second reading. I am wondering whether it should be said, when we have had the bill reported from the committee, that it is not in order and that it should be changed in some material way.

For that reason I would have serious reservations about accepting the hon. member's position that this bill is not properly before the house at this time. I do recognize that there is a very interesting point, and I assume that the law officers of the Crown will want to study very closely the point made by the hon. member. This would perhaps be of assistance when similar legislation is drafted in the future.

For the moment, and in view of the fact that we have proceeded this far with the consideration of the proposed legislation, I would suggest to hon. members that there be a submission to the house of the amendment to be proposed by the hon. member for South Shore.

• (10:30 a.m.)

Mr. Lloyd R. Crouse (South Shore) moved:

That Bill C-195, an act to amend the Fisheries Improvement Loans Act, be amended by deleting clause 1 of the said bill and substituting the following therefor:

(1) All that portion of paragraph (d) of subsection (1) of section 3 of the Fisheries Improvement Loans Act following subparagraph (ii) thereof is repealed and the following substituted therefor: "did not exceed fifty thousand dollars;"

Mr. Speaker: The hon. member will appreciate that there are in connection with this motion objections of the same nature as those raised with regard to the amendment proposed by the hon. member for Vancouver-Kingsway (Mrs. MacInnis) on another subject. I would like to hear the hon. member on that point.

Mr. Crouse: Mr. Speaker, in moving the amendment calling for an increase in the amount which may be borrowed under this legislation from $25,000 to $50,000, it is not my intention to speak at great length or unduly delay the passage of the bill. When this matter came before the house for second reading on Tuesday, May 27, there were, unfortunately, very few members in the chamber actively interested in fisheries and forestry problems, because second reading was called at the same time as a meeting of the Fisheries and Forestry Committee. I mention this because you, sir, referred to the delay in bringing these amendments before the house.

As a result of this lack of planning very few members of parliament representing fishing and forestry constituencies were in the chamber and unfortunately they did not hear the minister's statement on this important legislation. I hope this action will not be repeated in the future, because I do not believe it makes for good government to have a minister of the crown piloting legislation through the house at the same time as a committee is sitting to deal with the department concerned. The legislation—

Mr. Speaker: Order, please. The hon. member will appreciate that the point before the house at the present time is whether the proposed amendment is in order. I indicated to the hon. member that I have serious reservations about the amendment. The objection I have is that the amendment appears to imply a charge on the treasury. If it does, it cannot of course be moved by the hon. member at this time.

Mr. Crouse: Mr. Speaker, the legislation as it now stands, raising the ceiling on loans from $10,000 to $25,000 under the act, is in accordance with an amendment that we on this side proposed to Bill C-151 when it was before the Fisheries and Forestry Committee on February 6 of this year. To indicate the reasons for moving that this amount be raised from $25,000 to $50,000 I would point out certain changes which have occurred since Bill C-151 was passed.

There have been debates in this house with regard to the inflationary expansion in the economy. Our fishermen are subject to the same inflationary strains as are faced by other Canadians. I believe it is important that we raised the amount of the loan, because loans made under this legislation are only backed by the government and are in fact made by the lending institutions. The government only guarantees the amount. Since the legislation has been in effect the number of loans the government has had to repay has been very small in relation to the over-all amount lent by the lending institutions. For this reason I believe the amendment is in order.

Mr. Speaker: I might point out to the house before calling on the hon. member for Comox-Alberni (Mr. Barnett) that perhaps the arguments the hon. member is now advancing would be more properly made at the third reading stage of the bill. In any event, I will hear the hon. member for Comox-Alberni on the point of order raised by the hon. member for South Shore (Mr. Crouse).

Mr. Thomas S. Barnett (Comox-Alberni): On the point of order under consideration, I would submit to Your Honour that in the light of the statement contained in the recommendation this proposal does two things; first, it limits the maximum liability of the Crown to $10 million and, second, it increases the amount of a loan that may be made to an individual fisherman. I submit for Your Honour's consideration that the amendment as proposed would not increase the liability of the Crown. If the hon. member's proposed amendment were agreed to, it might result in

fewer fishermen having access to loans; but I suggest that the amendment in itself does not increase the total liability of the Crown which is suggested in the recommendation of the Governor in Council.

Mr. Speaker: The proposed amendment standing in the name of the hon. member for South Shore appears to me, as I indicated a moment ago, to be irregular in that it proposes an increase in the amount of a loan that may be made under the provisions of Bill C-195. If the hon. member for Comox-Alberni will look at the recommendation of His Excellency as printed in the bill, he will notice that it places a limit of $25,000 on a loan to a fisherman.

I bring to his attention that not only cannot the total amount of the expenditure be changed by a motion such as this, but the objects, purposes, conditions and qualifications of the moneys authorized by the recommendation of His Excellency cannot be changed. On this point I would like to refer hon. members to paragraph 3 of citation 246 of Beauchesne's fourth edition, which reads as follows:

> The guiding principle in determining the effect of an amendment upon the financial initiative of the Crown is that the communication, to which the royal demand of recommendation is attached, must be treated as laying down once for all (unless withdrawn and replaced) not only the amount of a charge, but also its objects, purposes, conditions and qualifications. In relation to the standard thereby fixed, an amendment infringes the financial initiative of the Crown, not only if it increases the amount, but also if it extends the objects and purposes, or relaxes the conditions and qualifications expressed in the communication by which the Crown has demanded or recommended a charge. And this standard is binding not only on private members but also on ministers whose only advantage is that, as advisers of the Crown, they can present new or supplementary estimates or secure the royal recommendation to new or supplementary resolutions.

In other words, this restriction applies not only to private members but also to ministers of the Crown; they are restricted by the recommendation of His Excellency in the way indicated in the citation I have just quoted.

• (10:40 a.m.)

It is suggested that for those reasons the hon. member's motion cannot be put from the Chair. If I may add one more word I should like to say that perhaps the arguments advanced by the hon. member are the type of arguments which could be considered in debate on third reading of the bill at which time the hon. member will have all possible freedom to advance his views.

Mr. Lloyd R. Crouse (South Shore) moved:

> That Bill C-195, an act to amend the Fisheries Improvement Loans Act, be amended by inserting therein the following clause:
>
> (2) Paragraph (e) of subsection (1) of section 3 of the said Act is repealed and the following substituted therefor:
>
> '(e) the loan was repayable in full by the terms thereof in not more than fifteen years.'
>
> And that clause 2 of the said bill be renumbered 3.

Mr. Speaker: I am sorry to say that I also have reservations about this amendment. I wonder whether the hon. member for South Shore feels he may be able to convince me that his proposed amendment does not go beyond the scope of the bill now before the house.

Mr. Knowles (Winnipeg North Centre): We might as well have stayed upstairs.

Mr. Crouse: In moving this amendment to the bill we did so realizing the many difficulties which our fishermen on the east coast, and on the west coast as well, are facing at the present time. They have established a record for the repayment of any loans, but there are times when, due to storm, fire or other disaster, they are unable to meet their commitments. Recently there has been an incident in the province of Newfoundland where man-made pollution has completely destroyed the earning capability of the fishermen in one area of that province.

Realizing the attitude of our fishermen toward their obligations and also realizing that they have always met these obligations whenever it was possible for them to do so, we feel that it is only fair, just and proper that they be given an extended period of time on their loans so that it is available to them if required; and since the extension from the present period to 15 years would not place any additional obligations on the Crown, as the original loans would be in the same amount, we believe that this is a valid and just amendment.

Mr. Speaker: Perhaps before the hon. member for Comox-Alberni (Mr. Barnett) joins the procedural fray, I should indicate to hon. members that the reservations I have in connection with the second amendment apply with equal force to the 4th amendment, the one proposed by the hon. member for Skeena (Mr. Howard), which of course follows closely the suggestions contained in the amendment

proposed by the hon. member for South Shore.

The hon. member for Comox-Alberni may want to address his procedural arguments to both proposed motions at this time.

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, I rise to support the arguments advanced by the hon. member for South Shore in respect of this amendment. I think he has outlined, in part at least, what I think is the very close relationship between his proposed amendment and the proposal in the bill which raises the total amount of the loan which can be made, even though the amount is not adequate in the view of the hon. member for South Shore, as indicated by the earlier amendment he proposed and which Your Honour ruled out of order.

I suggest that in view of the close relationship between his amendment and the part of the bill which has to do with increasing the amount of the loan, it lies closely within the scope of the subject matter of the bill. It merely proposes a modification in the matter of repayment as related to the increased ceiling on the amount of loans. Therefore I believe it is within the scope of the bill and is a necessary adjunct of the proposal to increase the maximum allowable loan.

Mr. Speaker: I thank the hon. members for their views as a guide in connection with the amendments. I wish I were in a position to allow those amendments or motions to be put to the house, but I believe that I must be guided by the decisions which have been taken by the Chair from time to time since we introduced this new stage in the consideration of legislative proposals. I think it is basic for us to respect the principle that such amendments moved at this stage should not go beyond the scope of the bill itself. I believe that this type of amendment would normally have been ruled out of order if it had been proposed in committee of the whole house, and I think that the same ruling would have to apply when it is proposed at this stage of the consideration of bills.

Again, the arguments advanced by the hon. member for Comox-Alberni concerning the amendment of the hon. member for South Shore can very well be advanced during consideration of the bill on third reading, and I assume that the hon. members will want to take advantage of that stage of our consideration of this bill to advance his proposals.

However, for the moment I must rule strictly on procedural grounds and suggest to hon. members that both these amendments—amendment No. (2) and amendment No. (4), the second one standing in the name of the hon. member for Skeena—are out of order in that they are in the nature of new legislative proposals and introduce matters of substance which are not covered in the bill itself. These motions propose the deletion of sections in the act which are not dealt with in Bill C-195.

Beauchenes's 4th edition, citation 406 in part states:

> Amendments are out of order if they are (a) irrelevant to the bill, or beyond its scope,

As I said, I suggest that I must take into account my rulings made in this session with respect to similar motions as recorded, for example, at pages 7604 and 7605 of *Hansard* of April 16 last.

For these reasons the Chair regrets that the proposed motions cannot be put.

The motion which is yet to be considered is amendment No. (3) standing in the name of the hon. member for South Shore.

Mr. Lloyd R. Crouse (South Shore) moved:

> That Bill C-195, an act to amend the Fisheries Improvement Loans Act, be amended by striking out the title and substituting the following:
> "An act to amend an act of the present session intituled an act to amend the Fisheries Improvement Loans Act."

Mr. Speaker: I indicated earlier that I have some reservations about this amendment proposed to the title of the bill. But I think I have been difficult enough until now, and if the hon. member wishes to proceed with his proposed amendment, it is now before the house for consideration.

Mr. Crouse: Mr. Speaker, there is very little I can add to the point of order which I have already raised on this matter. I have endeavoured to provide the Chair and the house with precedents relating to procedures which were followed in previous instances when it became necessary to deal with an act which had previously been before the house. Therefore I can only suggest that, having outlined my reasons for moving the amendment, the question be put to the house for a vote at this time.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as Your Honour has already admitted, this has not been a very good morning for private members' motions or amendments. All those that have been moved thus far have been ruled out of order, except for this one; and what is there to this one?

Fisheries Improvement Loans Act

• (10:50 a.m.)

I rise simply to say that I did not take part in the discussion of the point of order earlier because it seemed to me it was in good hands, and Your Honour has our confidence. I should like to say, now, that the motion to change the title of the bill would, if passed, I suggest, put us in a somewhat ridiculous position. The text of the bill makes no reference to a previous act of this session; it makes no reference to what was Bill C-151, and what is now chapter something or other. Rather, the text of this bill refers to the original statute. It would be odd if we were to amend the title to make it read "An Act to Amend an Act of the Present Session Intituled An Act to Amend the Fisheries Improvement Loans Act" and then went on to pass a bill which does not do this at all, but which amends provisions of the original act. I think this would look somewhat strange. The Law Officers of the Crown and the drafting officers would have quite a time trying to sort it out.

The point of order raised originally by the hon. member for South Shore (Mr. Crouse) was a legitimate one, but since Your Honour ruled the way you did it seems we have no option but to reject this motion.

Motion (Mr. Crouse) negatived.

Hon. Jack Davis (Minister of Fisheries) moved:

That Bill C-195, an act to amend the Fisheries Improvement Loans Act, as reported (without amendment) from The Standing Committee on Fisheries and Forestry on June 10, 1969, be concurred in.

Motion (for concurrence) agreed to.

Mr. Speaker: When shall the said bill be read the third time?

Mr. Knowles (Winnipeg North Centre): Now, by leave.

Mr. Davis moved that the bill be read the third time and do pass.

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, you extended an invitation to us to comment at this stage on certain aspects of the bill, both with regard to its contents and its deficiencies. I had hoped to be able to move during the report stage on behalf of my hon. friend from Skeena (Mr. Howard) the addition of what he and I consider to be a very necessary feature, that is, the extension of the coverage provided in this measure so as to permit fishermen to refinance debts previously incurred—

[Mr. Knowles (Winnipeg North Centre).]

Mr. McGrath: A point of order, Mr. Speaker. The hon. member is now referring to an amendment on which Your Honour has already ruled and I submit he is out of order.

Mr. Speaker: The hon. member for St. John's East (Mr. McGrath) will appreciate that the amendments were ruled out of order only because they could not be moved at the report stage. This does not mean that the subject matter might not be discussed on third reading. Indeed, I made a point of suggesting to hon. members that they might wish to make their points on third reading.

Mr. Barnett: I certainly have no desire to debate the amendment which Your Honour has ruled out of order but I did understand I might make reference to the subject matter.

I was on the point of referring to the provision in the legislation which spells out the purposes for which fishermen can borrow money. Generally speaking they include the purchase or construction of fishing vessels, the purchase of major equipment, major repairs or overhaul of fishing vessel engines, and the purchase of certain shore installations associated with the fishing industry.

The suggestion put forward by my hon. friend from Skeena was that, while this legislation is open, the bill should remedy what has long been a serious deficiency, namely that no provision has been made for fishermen to convert loans secured previously from other sources into insured loans under the terms of the Fisheries Improvement Loans Act. I am sure anyone who is familiar with boat financing on the west coast recognizes that this is an important matter, because over the years in the absence of any more adequate arrangement for the financing of fishing vessels and equipment fishermen have made various borrowing arrangements with the fishing companies.

The result is that over the years many fishermen have become captives of the large fishing companies. They have never really acquired ownership of their vessels and equipment or been able to operate as independent fishermen, with the freedom to sell their catch to any buyers they might choose. It is more important than ever at this time to take steps to enable fishermen to achieve a greater measure of financial independence vis-à-vis the fishing companies; bearing in mind the program of licensing of fishing vessels which the Minister of Fisheries (Mr. Davis) has put into effect. I suggest there is an opportunity now for the minister, and

for the Minister of Finance (Mr. Benson) who is to administer this program, to mitigate some of the difficulties which will be created for our fishermen.

• (11:00 a.m.)

I am sure it was with this situation in mind that the hon. member for Skeena felt that section 3 of the act should be amended in order to make it possible for fishermen to borrow money without having to be under any liability to the fishing companies but, instead, liable for repayment of the loan only to insured lenders, as specified in the Fisheries Improvement Loans Act. I think it is regrettable that the government did not see fit to propose such an amendment to the act at this time. I cannot seriously quarrel with Your Honour's ruling on the report stage amendment and whether it lay within the scope of the bill, but I suggest to the house that this proposal certainly lay within the scope of government action and should have been taken into account when the bill was brought forward for the consideration of the house.

So far as the proposals contained in the bill are concerned, perhaps there may be some common ground between myself and the hon. member for South Shore (Mr. Crouse) in that he may feel that the proposed increase in the amount of loans has moved in the right direction, though perhaps not quite far enough. At the same time I found myself in agreement with his suggestion that the repayment period should be extended to a more appropriate term. Originally it was a shorter period than is provided in the present act, but under the present proposal I would agree that the ten-year repayment limitation is, under some circumstances, going to be difficult for the fishermen to meet.

I believe I covered the points that are foremost in my mind in relation to the bill, and I hope that the government will give consideration to the ideas put forward with regard to further improvements that could and need to be made to the Fisheries Improvement Loans Act.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, it had not been our intention to speak at any great length on this measure, but since the New Democratic party has decided to open a debate on third reading I think it only fitting that I say a few words at this time.

As the legislation now stands it raises the ceiling on loans from $10,000 to $25,000 and is in agreement with an amendment that we on this side proposed to Bill C-151 when it was before the fisheries and forestry committee on February 6 of this year. At that time the amendment did not carry, but we are pleased to see that the government and the minister have given the matter some sober thought which has resulted in the new bill to amend the Fisheries Improvement Loans Act that is now before us.

When the former legislation, Bill C-151, was before the house in February I suggested that the ceiling on loans was inadequate and should be raised to $25,000. In the period between February and today a number of changes have taken place which lead me to believe that the $25,000 ceiling will be inadequate. For example, we learned during the recent budget debate that galloping inflation is eroding the purchasing power of our dollar, that it has become a nightmare to industrialists, our senior citizens, our pensioners, and especially those citizens on fixed incomes. Consumer prices are rising at the rate of 4.7 per cent per year, and a man has to earn at least that much more per year just to keep even.

Our fishermen are subject to the same inflationary strains faced by other Canadians. In fact, they would appear to be the forgotten people of this country. I say this because everything that they require for their fishing industry, such as boats, gear, paint, rope, repairs and insurance—especially insurance—to name but a few items, has gone up and up in price while their catches have grown smaller and the returns for their efforts have remained static or in some cases have actually declined.

Those who have no other training or ability by which to earn a living, or who desire to remain in the fishing industry following the loss of their boat or fishing gear by fire or storm, find that as a result of inflation the replacement cost has skyrocketed. In fact, the finance minister told the house only recently that the rate of inflation this year would at least be as high as the rate of inflation last year, when it was the highest it has been in the past 17 years.

In addition to facing the high costs of replacing ships and gear, the fishermen can no longer look for any assistance in the form of a shipbuilding subsidy from the government. Yes, Mr. Speaker, we do have money available for the C.B.C., for arts centres, or for expanding the national capital region, but we have no money available to assist our shipbuilders and our fishermen who find it

necessary to make replacements. Faced with this fact, what can our fishermen do? They have to continue to work in the fishing industry since in many cases they have no alternative. However, with inflated costs and no assistance to them in the form of shipbuilding subsidies, I submit that a loan of $25,000 is inadequate today when one considers the over-all cost of ship and gear replacement.

These are not my views alone; they were endorsed by fishermen from various fisheries organizations that appeared before the fisheries and forestry committee at the hearings held by the committee throughout the minister's own province of British Columbia. In fact, as the minister himself stated when speaking to the bill on second reading, the raising of the ceiling was due to submissions directed to his department by the provincial ministers of fisheries to the effect that the optimum size of fishing boats and gear involves costs well in excess of $10,000 and sometimes in excess of $25,000.

In view of this fact I quite frankly cannot understand why the minister did not raise the ceiling at this time to $50,000. If he had done so he would really have been only endorsing his own point of view which he expressed quite forcefully when he spoke on second reading of the bill. After all, money will be lent only to fishermen who are vitally interested in expanding their operations; it will not be lent to those who are lazy, to laggards who are not desirous of going forward. This money will be lent only to those who are energetic and want to make a greater contribution to the over-all economy of Canada.

The government itself only guarantees the loans, with the discretion for making loans still retained by the lending institutions. A search of the repayment record of all loans made to date under this legislation indicates that the government would not be assuming any great additional responsibility if the ceiling on loans were raised to $50,000. In the over-all interests of our fishermen, our shipbuilders and the economy of Canada, I hope the minister will give further consideration to raising the ceiling on loans when he introduces legislation in the next session dealing with fisheries problems.

For the same reason I hope the minister will consider extending the repayment period. After all, we now consider 40 years a suitable repayment period for loans made under the National Housing Act. If we extended the repayment period for loans to fishermen from 10 years to 15 years we would enable the fishermen better to plan their finances. They are subject to every hazard possible while carrying out their operations—to fire, storm and man-made pollution. Their record has shown that they will not abuse any privilege granted to them. They are as desirous and anxious as any group in Canada to meet their commitments and to make their payments when they fall due. Bearing in mind their record in this regard, I think it would be fair and just if we made it possible for fishermen to plan better their entire fishing operations. We can do this by extending the repayment period from 10 years to 15 years. We would then make it possible for our fishermen to fish more efficiently, to meet better their financial obligations and to plan better their over-all contribution to the development of this country's fisheries.

• (11:10 a.m.)

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, most of the points I wished to touch on have been covered by my colleagues in the N.D.P. and the Conservative party. Nevertheless, may I briefly emphasize a couple of points that I consider important. As Your Honour may know, the hon. member for Skeena (Mr. Howard) originally submitted an amendment which, if it had been accepted, would have permitted fishermen to refinance existing debts they had incurred for their vessels. The hon. member was most sincere in his desire to be helpful.

All hon. members who know anything about the fisheries on the west coast know that west coast fishing companies control many privately-owned fishing vessels. The reason for this is that the owners of the vessels are indentured, so to speak, to the fishing companies. Our fishermen are in debt. It is not correct to say that the fishing companies have been motivated entirely by altruistic motives in advancing money to fishermen. The fishermen have used the loans to buy fishing vessels and have been obliged by the terms of their contracts to supply the fishing companies with catches of fish. Many west coast fishermen are anxious to escape from the clutches of the companies but are unable to do so as they are tied too tightly to the companies through financing arrangements. As I said, the companies have been willing to advance these loans with strings attached because they want the fishermen to supply company canneries with fish. In fairness I must say that when other sources would not

lend the fishermen money, the fish companies did.

The hon. member's amendment shows the government how it may help west coast fishermen. If the government is really sincere in wanting to help the fishermen it will do all it can to resolve the problems resulting from vertical integration within the fishing industry. All hon. members from the west coast know that the number of fish companies operating on the Pacific coast has diminished markedly, with only three companies remaining in operation. They co-operate extremely well, controlling between them most of the market. This is not a myth, Mr. Speaker. This situation is very real.

The amendment of the hon. member for Skeena sought to help our fishermen by enabling them to refinance existing debts incurred for vessels and equipment through an independent and unbiased source of funds. In that way our fishermen would be less dependent on the fishing companies.

The minister told us in committee that he was aware of the problem but, since the matter rested in part with the Department of Finance, he could do very little. He also said, and I hope I am paraphrasing him fairly, that he was interested in seeing less company control of fishing vessels on the Pacific coast. The companies, too, have said they do not particularly want their money to be tied up in fishing vessels. I cannot accept completely the position of the companies. On the other hand, I think the minister is sincere in wishing to see the fishing or catching end of the business separated from the packing or canning end.

The minister announced to the committee that there is under way a new, experimental program which is designed to develop new kinds of fishing vessels of great efficiency.

As the hon. member for Comox-Alberni (Mr. Barnett) said, at the moment a large number of vessels owned by Indians are under complete company domination. These Indian fishermen, I think it is not unfair to say, have often been intimidated by the companies from which they secured loans. Often the outstanding indebtedness runs on and on. Having purchased their gear from the company these fishermen often are unable to pay back their loans owing to the small size of their catches. The situation continues in perpetuity, with the fishermen unable to extricate themselves from the clutches of the company. They owe their souls to the company store and every year, if they are not deeper in debt, they are just as much in debt as they were the year before.

The situation I have alluded to has concerned many of us. The difficulty may even be aggravated by the introduction of the new licensing regulations. Let me explain it this way. It is well known that many gill-netters catching salmon in our rivers are operated and owned by our native peoples. It is possible for an individual or company to buy a licensed gill-netter and then to transfer the licence to a much larger fishing seiner which is capable of catching ten times the amount of fish the gill-netter is able to catch. While this matter may not be entirely germane to the point I am discussing it illustrates, I believe, another difficulty that faces the fishing industry. As Your Honour knows, the number of licences is limited in order to limit the amount of fish taken from our waters. What is the good of limiting licences if a gill-netter's licence can be transferred to a fishing seiner capable of ten times the gill-netter's catch? By limiting licences that way you are not limiting the total catch. I submit that our licensing regulations have not been examined thoroughly enough.

We are pleased to see that the government has increased the maximum amount which may be borrowed under certain circumstances to $25,000. That figure is much more realistic. Some fishing vessel owners who want to buy larger and more efficient ships still feel that this figure is too low and that other kinds of financing ought to be introduced to take care of these bigger ships. The hon. member for South Shore who preceded me suggested that the $25,000 limit was too low. However, I do not think we can quarrel with the fact that the increase is a step in the right direction. It should also be pointed out that the government itself is not lending the money but is merely guaranteeing the loans. The raising of its obligation from $25,000 to $40,000, I suggest, would not involve an additional responsibility of any great magnitude.

• (11:20 a.m.)

When we were on the west coast fishing tour one of the problems we noted was the difficulty of getting any money at all. Last fall we debated fisheries improvement loans legislation, the main provision of which was to raise the interest rate one per cent above the yield on government bonds. Many of the financial institutions, including credit unions, felt that this was too low considering their obligations to their membership. In spite of

all the discussion about anti-inflation measures it was interesting to note that credit unions which had fishermen members felt the interest rate was too low to lend money on this kind of venture, an anomaly and a contradiction if ever there were such.

It has been suggested that the government might be interested in depositing money in these financial institutions so that they could lend it at a subsidized interest rate because banks, trust companies and credit unions are dragging their feet at the thought of lending money at the present rate. This is one of the limiting factors on the effectiveness of this measure, and if nothing can be done about it this will become merely an exercise on paper. The bill will become an act but it will not ensure the actual provision of more money for financing. Another criticism that is frequently made is that it takes a fisherman too much time to get a government backed loan.

In connection with the business of refinancing the licences have traditionally been controlled by the large fishing companies. In fact at one point the licences were actually issued by them. There has been a constant struggle by the fishermen within the industry to get out from under this kind of company control. The situation now is not as serious as when the companies were in fact issuing the licences. However, if the companies' financial involvement with the fishermen is such that they can control the industry without actually issuing the licences, then it does not appear to me that we have gained a great deal.

In conclusion, Mr. Speaker, may I say as a private member that I am extremely pleased that the minister is pursuing anti-pollution measures with respect to salmon spawning streams. I certainly wish him well in this work. I compliment him on his zeal in pursuing it. It is a matter of great interest to conservation-minded people anxious to maintain this common property resource in as plentiful supply in the future as it has been in the past.

Mr. James A. McGrath (St. John's East): Mr. Speaker, it is not my intention to delay unduly the passage of this legislation. I was of the opinion that members, especially members from British Columbia, were anxious to have the bill passed. As a consequence it was with some considerable surprise that I heard some of the speeches, albeit outstanding ones, by hon. gentlemen from B.C. Now that the measure has been opened up for debate I wish to ask the minister whether this would not be an opportune time for him to put on the record of the house exactly what the situation is in Newfoundland regarding the very serious pollution that occurred in Placentia Bay and his subsequent action in closing the bay in order to protect the Canadian fishing industry, in particular to protect our markets for both fresh frozen and salted cod fish. In the press I have read a number of statements that have been made outside the house both in Ottawa and in St. John's, Newfoundland. I understand certain action has been taken. Perhaps the minister might feel inclined to take the house into his confidence.

At the same time, Mr. Speaker, perhaps the minister might tell the house the outcome of his first meeting at St. John's a few days ago with the new advisory committee set up to advise him on his new program to aid the salt cod fish producers in the Atlantic provinces.

Mr. Speaker: Is the house ready for the question?

Mr. McGrath: No, Mr. Speaker. My questions were not rhetorical.

Mr. Speaker: Order, please. I have to bring to the attention of the minister that any statement he wishes to make at this stage should be limited to the bill before the house, and I would point out to the hon. member for St. John's East that some of the matters he raised go far beyond the scope of the bill. I certainly would not be prepared to allow the minister to reply to many of the points mentioned by the hon. member for St. John's East.

Mr. McGrath: On a point of order, Mr. Speaker, I only raised this matter because hon. members in the New Democratic party raised the subject of pollution and how the minister was dealing with it. The subject of aid to the salt cod fishery program comes directly under this legislation because these fishermen will benefit from the increase in the loans proposed in this bill. I say this to Your Honour with great respect.

Hon. Jack Davis (Minister of Fisheries and Forestry): Mr. Speaker, I will confine my remarks to the subject matter of the bill before us, and I shall be brief.

Mr. Speaker: Order, please. It will be realized that the minister, having moved the motion, may make no reply on third reading. But hon. members may want to give the minister unanimous consent to allow him to make a statement, which I still insist ought to

be within the four corners of the bill before the house. Is this agreed?

Some hon. Members: Agreed.

Mr. Davis: Mr. Speaker, the purpose of this bill is first to raise the maximum amount of any one loan to a fisherman from $10,000 to $25,000, and also to put the government in funds to honour these obligations by raising the government guarantee to $10 million in respect of chartered banks and to $10 million in respect of other eligible lenders.

When the Fisheries Improvement Loans Act was first passed in 1955 the maximum amount of loan authorized was $4,000, and it remained at $4,000 until 1965. For this reason, Mr. Speaker, I find some of the protestations of the hon. member for South Shore (Mr. Crouse) rather anomalous in that his party, when it was the government for five years, did not see fit to make any change in the $4,000 limit.

I would also like to point out that now that the maximum amount of an individual loan is $25,000 it is possible for a fisherman to finance the construction of a new vessel costing as much as $37,500, because two-thirds of the funds required can be provided under the Fisheries Improvement Loans Act, and two-thirds in this case is $25,000. This bill, in other words, makes possible the purchase of equipment costing as much as $37,500.

• (11:30 a.m.)

This is legislation in respect of improvements. The name of the act, the Fisheries Improvement Loans Act, suggests improvements. It is not intended to accomplish all the objectives of the fishing industry or of the federal government. It is the intention of the government in the next session of parliament to set up a loans program which will enable fishermen, by means of direct loans, to finance the construction of new vessels. So the Fisheries Improvement Loans Act should be viewed in the context of other legislation and other forms of financial assistance made available by the government.

The hon. member for South Shore also mentioned the question of insurance. It is our intention to redraw the fisheries indemnity legislation so as to improve the coverage of fish boats and to reduce the cost of insurance to fishermen.

The question of refinancing seemed to be the main concern of members from British Columbia. However, refinancing is a problem in all parts of the country. The hon. member for Fraser Valley West (Mr. Rose) referred to the companies owning the soul of the fisherman. There are some 800 loans on the west coast in the nature of agreements of sale. These agreements are conditional on the fisherman selling all his catch to the fishing company which advances the money. This is a hangover, I suppose, from earlier days, the days of barter when individual fishermen were dependent on the companies for their supplies, as well as for the sale of their fish.

This is an old-fashioned way of financing, but perhaps we can hurry it on its way by refusing to recognize it in our new boat licensing scheme. With regard to any new agreement of sale, when one of the fishing companies proposes to refinance a boat for a fisherman it could be required to draw up a proper mortgage so that the financing would be more equitable. In other words, the fisherman would not be obligated to deliver all his catch to a particular company.

Mr. Rose: Mr. Speaker, I wonder whether I might ask a question of the minister?

Mr. Davis: If I may be permitted to conclude my remarks I will be able to stay within the time limit I suggested I would observe. There are fewer companies, as the hon. member said, on the west coast. Indeed, he said that only two large companies are operating there. The fewer the companies the less meaningful these agreements are. However, it is a matter of some concern and I think that with the aid of our boat licensing scheme we can eliminate these agreements of sale.

There are other reasons for refinancing not being part of this fisheries improvement loans legislation. If it were introduced in respect of the fisheries, undoubtedly it would have to be introduced in respect of farming and small businesses through the Farm Improvement Loans Act and the Small Businesses Loans Act This would require amendments to these acts.

There are good reasons that refinancing is not attractive to the private lenders who are not obligated to make loans under this act. They may find that the government guarantee is useful, but they are not required to make loans. I imagine that the banks and other credit institutions would be less enthusiastic about refinancing loans made by their competitors, small loan companies and so on. This is not of great interest to the lenders. I would think it would also be contrary to the public interest to have an arrangement made whereby a loan could be made by some

unscrupulous individual to a fisherman which could later be refinanced with a public guarantee at a lower rate of interest. Presumably the first lender would make a very substantial charge for tearing up his initial contract with the fisherman. So perhaps the inclusion of a refinancing clause in the legislation would be undesirable even from the point of view of the fishermen themselves.

Finally, in this connection I should like to refer to the facilities offered by the Industrial Development Bank. The Industrial Development Bank does lend money to small enterprises. Many of its loans are for amounts less than $25,000. I am told 1,150 loans were made last year in amounts of less than $25,000. This represented 45 per cent of all Industrial Development Bank loans made last year.

The Industrial Development Bank also has the expertise to look into the affairs of individuals and to give advice from the point of view of the operator and form the point of view of the design of equipment required to carry out the activities. So I suggest that the fishing industry should be made more aware of the facilities of the I.D.B. so that the fishermen would lean a little more on the Industrial Development Bank when it comes to refinancing the vessels and equipments which they require.

I think I have covered most of the points raised by hon. members opposite. I can assure them that we will be looking at this legislation from time to time with a view to improving it, but I cannot see any other change that we could make this year which would be beneficial.

Mr. Rose: Mr. Speaker, may I ask a question of the minister? The minister said there are 800 agreements of sale. Was the minister speaking of the demand type of agreements between the fishermen and the fish companies regarding financing of boats? Are these 800 agreements different from the traditional demand type of financing which has been so common on the Pacific coast?

Mr. Davis: Mr. Speaker, there are a number of different types of agreements of sale. One of the principal features is the requirement or obligation that the fisherman deliver all his catch to the lending company. There are other aspects, however, such as the ability of the company in respect of these agreements to claim that the fisherman has not respected the terms of the contract and unilaterally tear up the agreement. This is a very bad requirement. It is one which we would like to eliminate at once, but no doubt we will be able to phase it out later.

Mr. Rose: Mr. Speaker, may I ask—

Mr. Deputy Speaker: I should point out to the hon. member that it is unusual on third reading to have a protracted question and answer period. If the hon. member has another question I shall allow him to put it, but we must bear in mind that this is a practice which could open up the debate for other members who may have questions. As a practice I do not think it should be encouraged.

Mr. Rose: Thank you, Mr. Speaker. I will withdraw my question.

Mr. Deputy Speaker: Thank you.

Is the house ready for the question?

Some hon. Members: Agreed.

Motion agreed to and bill read the third time and passed.

ATLANTIC REGIONAL FREIGHT ASSISTANCE ACT

MEASURE TO AMPLIFY FREIGHT RATES LEGISLATION, TO REMOVE CERTAIN STATUTORY REDUCTIONS, AND OTHER MATTERS

Hon. Donald C. Jamieson (Minister of Transport) moved that Bill C-207, to authorize assistance to transportation in the Atlantic region, be read the second time and referred to the Standing Committee on Transport and Communications.

He said: Mr. Speaker, perhaps before I speak I should ask leave to have the motion altered so that the bill will be sent to the Committee of the Whole for the consideration of its clauses.

• (11:40 a.m.)

Mr. McCleave: Mr. Speaker, there has been discussion by the minister with people on this side and I believe this course is acceptable.

Mr. Knowles (Winnipeg North Centre): Agreed.

Mr. Caouette: Accepté, monsieur l'Orateur.

Mr. Jamieson: Mr. Speaker, in the interests of brevity I have prepared some note on this new bill so members may have as concise an explanation as possible of what it is we are proposing to do. Before dealing with them I may say in a general way that this is only part of the comprehensive transportation policy which is being evolved for the Atlantic

region, and these are measures that it was felt, and I believe hon. members will agree, ought to be put into effect as quickly as possible. There will be, of course, considerable additional legislation, and I hope in the course of my remarks to indicate some of the areas within which we will be proposing at a subsequent date amendments to existing legislation or perhaps entirely new legislation.

On March 19 of this year the house gave first reading to a bill respecting maritime freight rates for the purpose of extending beyond March 22, 1969, the so-called freeze on non-competitive freight rates within the Atlantic region which comprises the Atlantic provinces and the southeastern part of the province of Quebec south of the St. Lawrence and east of Levis, an area technically described as the "select territory" and is the area to which the Maritime Freight Rates Act of 1927 applies. The so-called freeze was extended for two years by the National Transportation Act of 1967 to give the government an opportunity to work out a more effective means of achieving the objectives of the Maritime Freight Rates Act in conformity with the changes in transport technology and patterns which have taken place in the 40 years the act has been in force. Appropriate changes could not be made when the National Transportation Act was passed because the MacPherson commission had not dealt with the matter, and further inquiries and studies were still required which had not been completed in 1966.

My immediate predecessor as Minister of Transport had asked the premiers of the four Atlantic provinces to form a joint committee to make proposals to him for a revision of transport assistance for the region, and very comprehensive and constructive proposals were made on behalf of the four premiers in early March of this year. The matter has also been studied by the Standing Committee on Transport and Communications which visited the capitals of the four provinces and held public hearings.

It is evident that comprehensive legislation to deal with the special problems of the Atlantic region cannot be brought before parliament at the present session, but it has also become clear that certain urgent changes, some going beyond the scope of Bill C-182, are required in advance of such comprehensive changes.

The government proposes, therefore, to ask parliament to consider a new bill, which is the one now before us, to make certain of these changes at the earliest feasible date. The new bill includes in amended form the provisions of Bill C-182 but, perhaps of more importance, it extends to commercial trucking and railway express shipments the same degree of Maritime Freight Rates Act assistance that is 30 per cent, as is now paid to the railways to reduce for shippers the costs of shipments outbound from the Atlantic region. It is proposed that the necessary subsidies be paid to licensed common carriers of goods by motor vehicle who have registered their tariffs with the Canadian Transport Commission by July 15, in accordance with regulations to be made to ensure that substantially equal treatment is given to rail and road transport.

In other words, we have a commitment to put this subsidy into effect for truckers at the earliest appropriate moment and, if it can be done and these operations can be registered by July 15, then it would be our hope we could begin the program as of that date. It is proposed that the necessary subsidies, I repeat, be paid to licensed common carriers, and therefore there will be, as there is within the bill, a definition of just what constitutes a common carrier.

In order to provide the necessary funds for those subsidies which will place truckers on a basis of equality with railways on outbound traffic, it is proposed to authorize the Governor in Council to terminate the so-called freeze at an earlier date than originally contemplated in Bill C-182, thereby removing another discrimination between railways and truckers.

While the MacPherson commission and the subsequent studies have recommended the removal of the 20 per cent reduction and subsidy on railway rates within the Atlantic region, it is not proposed to remove this assistance immediately but to ask parliament to give the Governor in Council authority to remove M.F.R.A. assistance from time to time on certain commodities or classes of traffic as circumstances may warrant. Consideration was given to reducing the rate of this assistance and extending it to truckers on a temporary basis, but it seemed preferable, in conformity with the spirit of the recommendations of the Atlantic premiers with whom I discussed this matter, to set up a joint federal-provincial committee to examine the economic effects of these M.F.R.A. subsidies on rail traffic within the region and to recommend, from time to time, to the government specific and detailed methods of assistance to

the transport and distribution of goods within the region which might be substituted for the general assistance now given under M.F.R.A. to ensure that the funds provided by parliament can be used to the best advantage of the region.

The government intends to set up such a joint committee without delay and undertakes not to exercise the power to be given to the Governor in Council to remove or reduce M.F.R.A. subsidies except to the extent that financially equivalent assistance is proposed by the joint committee and accepted by the government. This would be the first task of the joint committee.

In addition to the examination in detail of the M.F.R.A. assistance on rail traffic within the region, the joint committee will be asked to review all the subsidized water transport services into or out of the region, from the rest of Canada, or wholly within the region, except those which are being examined as part of the transportation study set up under the comprehensive rural development plan for the lower St. Lawrence, Gaspé and the Magdalen Islands. The joint committee will review all other subsidized water carrier services and recommend any revisions or improvements in these services which will contribute better to the economy of the region. Meanwhile, in order to ensure a competitive service to the railway from Montreal to Newfoundland the government has decided to ask parliament to provide an interim subsidy to the existing water carrier service between Montreal and Corner Brook and Montreal and St. John's for the season 1969, and thereafter until the two studies are completed.

The joint committee will also be asked to consider whether and to what extent a subsidy on outbound air and waterborne freight from the region might contribute effectively to provide producers in the region with more effective access to the markets of central Canada.

Finally, the joint committee will be asked to examine in detail the economic effect of the outbound assistance under M.F.R.A. to see whether a more selective approach might not provide a more effective use of the funds provided by parliament.

In order to provide the Atlantic region with an economic, efficient and adequate transport system making the best use of all available modes of transport, it has been recognized since 1963 that special federal assistance in the upgrading of trunk highways in the Atlantic region is needed, because the provision of an adequate highway system is beyond the financial capacity of the provinces. this approach will be continued by the Department of Regional Economic Expansion.

Once the joint federal-provincial committee has made progress with its work and the joint development plans of the provinces and the Department of Regional Economic Expansion have been formulated, it is planned to bring forward legislation of a more permanent character. I hope that this will make the subvention policy more effective for its purpose of assisting economic development, and one important change in that respect would be to institute a system under which the shipper, rather than the carrier, is assured of the benefit of the subvention. The future legislation will also deal with many particular points of great importance, such as the rates on the ferries to Prince Edward Island and Newfoundland.

Meanwhile, it is hoped that parliament will see fit to deal expeditiously with the new bill. I want to thank hon. members for their concurrence in having it referred to the Committee of the Whole, so that a first step can be taken toward the provision of equal treatment for road and rail traffic in the region and the provision through competition of more efficient and adequate transport services to the public of the Atlantic region.

• (11:50 a.m.)

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I think first of all there will be a general disposition to meet the plea of the minister to grant quick passage to this legislation. I believe this can be done more willingly than otherwise would be the case because we anticipate that the broad package will come before us in the fall. This bill, as the minister has said, is an interim measure. I believe that this afternoon the chairman of the Standing Committee on Transport and Communications will be presenting a long document for the consideration of hon. members. This document will set forth a suggested policy for the Atlantic region which I think could fit within the minister's comprehensive legislation in the fall. Anyway, this is devoutly to be hoped.

I should now like to turn to the points presented in the bill. I suppose there are really five principles contained in the bill, and I should like to address myself to a couple of

them in particular. First, I think the amendment which will bring aid to truckers can be welcomed. This is a matter about which the maritime trucking industry has felt keenly for many years, because big brother railway had certain advantages which little brother trucker did not have. As the minister said, this provision has not only the advantage of providing an element of competition, which I think is a good thing, but it will also provide the immediate answer to one of the problems that have bedevilled industry in the Atlantic region since the National Transportation Act was passed a number of sessions ago.

The worst by-product of that legislation was that l.c.l. rates took off into the great beyond and in some instances maritime industries were faced with increases in the transportation of less than carload lots of up to 500 per cent. This threw an enormous burden on those industries, to say the very least. It seems to me that this situation will be improved by providing the truckers with the advantages set forth in the bill. Truckers will be dealing with the kind of traffic that I presume could be classed as l.c.l., though in their case it would have to be modified at least in name. In any event, with regard to small volume shipments that a truck can easily carry but which occupy only part of a railway freight car the provision in the bill will go a long way toward removing what has become a very unhappy situation for many industries in Atlantic Canada.

I now refer to the minister's suggestion which is not contained in the legislation but is a method of carrying out the purposes of Bill C-207, that is, the establishment of a joint federal-provincial committee to deal with subsidies. This will give us a very useful guide when the complete package of legislation is introduced in the fall. We will be able to see how the representatives of the Canadian Transport Commission have been able to work with representatives from eastern Canada. We will know what unexpected pitfalls have developed in their dealings over a period of a few months, what sort of pressures have been placed upon that body to grant subsidies, those asking for help, those who need help and those who do not need it. This information should be very useful as a guide to what should be included in the legislative package which will come before us in the fall.

I think we would all agree that the Maritime Freight Rates Act, commendable though its purposes were in 1927, has probably become out of touch with the times. The complaint is often made that it helps a certain segment, that is, the railways, but not particularly the shippers. I believe that taking steps to change the focus from help to the carriers to help to the shippers is a good one initially, and I hope it will be reflected more fully when the new legislative package is introduced in the fall.

In my final point I am in complete disagreement with the Minister of Transport (Mr. Jamieson) and the legislative approach that has been placed before us this morning. I refer to clause 5 of the bill wherein the Governor in Council is given the power to vary or remove the reduction in tariffs for the preferred movements of traffic described in section 4 of the Maritime Freight Rates Act. In my opinion this is indeed a very bad principle. If this clause is passed we will, in effect, be repealing a statutory provision and replacing it with an administrative decision. The voice of parliament has spoken one way and we are being asked to muzzle that voice by granting to the government—that is what it amounts to in effect—the right to take statutory provisions and knock them completely out of action or vary them.

If this bill were not an interim measure, such an approach would give rise to a debate lasting many days. I believe this sort of provision strikes at the very heart of the operations of parliament. I give the minister fair notice that we intend to resist this clause. Our spirit of co-operation this morning in trying, hopefully, to get the legislation through before the house turns to other business this afternoon is justified in my mind by the fact that this is an interim measure, and we look forward to a much more orthodox legislative approach when the Minister of Transport presents the full legislative package to us in the fall session.

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, I was a member of the Transport and Communications Committee which visited the Atlantic provinces. On that visit we had five or six days of very intensive work and heard a large number of briefs on all aspects of the problems of transportation and regional disparity in the Atlantic provinces. The plea heard most often and stressed most emphatically was that the trucking industry be allowed the subsidy advantages accorded the railways in that region. Because of the justice of the case presented by the truckers during our visit to that region of Canada, I

do not think this party will have any difficulty in agreeing to that aspect of the bill.

I am concerned about the minister's statement regarding that part of the bill which provides that a subsidy shall be granted to common carriers as defined in the bill. My concern is that the carriers, be they rail lines or truck lines, are not always too concerned about passing on the subsidy they receive to the people who most need relief, that is, the manufacturers and consumers.

• (12 noon)

In the Transportation Committee report which will be tabled this afternoon it is suggested that the carriers be phased out gradually as the recipients of these payments and that instead the shippers be awarded whatever subsidy or freight advantage is given on a particular product, because the purpose of the Maritime Freight Rates Act was to assist the shipper and not necessarily the carrier. It is all very well to subsidize the transportation industry if it in fact does the job it is supposed to do, to assist the producers and consumers in that area to be more competitive in the markets of central Canada.

The rationale behind this assistance is that it will ultimately lead to the development of industries in the area which, because of its geographical situation, is at a disadvantage. This, however, is negated if the carriers gobble up the subsidy and do not in fact pass it on to the shippers. So in the Transportation Committee report it has been stated that, where feasible, the award of the subsidy should not go to the carriers but rather should be paid directly to the shippers so that in turn the price of goods shipped to central Canada can be lowered.

One concern that I share with the hon. member for Halifax-East Hants (Mr. McCleave) is his reservation about the way in which the Governor in Council can gradually phase out assistance on specific commodities. I believe this power is contained in clause 5. I do not think there is anything wrong with the intent behind it but the manner in which it is to be done may be open to some criticism because, as was suggested earlier, parliament will have no control over this matter once the authority is granted.

I do not think there is anything wrong with phasing out assistance on specific commodities. The subsidies are paid because a particular industry or a particular commodity is not competitive or economically viable, but subsidies, useful at the time they are given, tend to be perpetuated. We know of all kinds of subsidies that have been given but very few that have been phased out. They are always welcomed with open arms when they are granted because they fill a particular need, but then they persist long after the need has gone. I do not think we can criticize the investigation of a particular industry or of its commodity to see whether or not the continuation of a subsidy is really justified. I do not think we can quarrel with that aspect or the rationale behind it. However, we can quarel with the lack of parliamentary control over the administration of this matter.

We have been told that this is an interim measure but, except for certain clauses, I cannot see any expiry date. I hope we are going to have very comprehensive transport legislation. However, I am not certain that we can actually divorce transportation from all the other factors which operate in this region to make it one of economic disparity meaning high unemployment and low income. Transportation is only one of the problems, and if we patch up transportation in isolation from all the other problems that together make this region disadvantaged we are not looking at the whole matter from a comprehensive point of view. Perhaps it might be worth while to look at transportation as it fits into the whole milieu of economic development.

So in general we are pleased that this is an interim measure. I hope that Bill C-207 is only interim legislation and that we are not perpetuating something with which we may be stuck because of delay in implementing a comprehensive plan of transportation and regional development. We might have this legislation with us a good deal longer than we anticipate at this time because things like this have a way of being delayed. An interim measure is not always interim, just as an interim subsidy is not always interim. We believe that subsidies should be selective. They should be used when they are needed and they should be phased out when they are no longer necessary.

The fact that the trucking companies are going to receive transportation assistance is only fair provided, of course, that all the trucking interests are not owned by the same interests that own the railways, the C.P.R. and the C.N.R., and that the trucking assistance is not just used as an excuse to phase out more rail lines. If it is for the benefit of the region we have no quarrel with it. If, on the other hand, it simply enables the railways to escape their responsibility after

having accepted huge land grants and other advantages, then, of course, we will be extremely critical of it and fight it at every turn.

So the fact that this bill awards assistance to truckers is a step in the right direction. As the minister said, they have to have roads to operate on. It seems to me that this is a limiting factor. The trucking industry may be forced, because of the lack of adequate truck roads, to operate in precisely the same areas as the railroads do now. Unless accessibility to the more remote areas that need transportation assistance is increased, the alternate transportation system will not be of benefit to those areas. If the trucks are going to be controlled by the same companies that operate the railroads, competition will not bring about the expected advantages. The minister and hon. members on the other side of the house place a great deal more faith in competition than I do. Nevertheless, there are many interesting suggestions in the bill, and I hope it will not be too long in passing because it is necessary to increase transportation services in the region for the reasons I have mentioned.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, the purpose of Bill C-207 is to authorize freight assistance in the Atlantic region and we support this measure introduced by the Minister of Transport (Mr. Jamieson).

The only point on which I wish to direct the attention of the house is clause 2(c), and I quote:

"select territory" means the territory consisting of the Provinces of Nova Scotia, Prince Edward Island and New Brunswick, the Island of Newfoundland and that portion of the Province of Quebec that is south of the St. Lawrence River and east of Quebec Highway 23, being the highway connecting Lévis in Quebec with U.S. Route 201 in the State of Maine;—

Mr. Speaker, I suggest the minister could have included the whole province of Quebec in the bill authorizing freight assistance in the Atlantic region because we feel that the province of Quebec should be recognized as a designated area.

In my area, for instance, which is located north of the St. Lawrence river, we find farmers and small industries in need of help. They cannot be helped directly through subsidies; however, we could help them by means of preferential transportation rates.

Not so long ago, I met the president of a Saint-Hyacinthe manufacturing company which exports plastic articles. The company can do so in summer when it uses shipping facilities, for water-borne freight rates are enormously lower than those of any other means of transportation.

• (12:10 p.m.)

This manufacturer told me that in winter it was impossible for him to export to the West Indies, just because of the excessive transportation charges between Montreal and Halifax. From Halifax transportation is by sea and the cost is accessible. But from Montreal to Halifax transportation rates are prohibitive.

There is seasonal unemployment in the winter just because of the preposterous transportation rates. Now it seems to me that, in such cases, the minister should be able to grant subsidies for rail or road transport so as to enable those small Canadian industries and the province of Quebec to carry on their operations during the dead season.

There are therefore improvements to be made. I do not doubt that the minister is thinking of those cases, even if there is no mention of that in the bill, and that it will be possible for him to widen the scope of Bill C-207 so as to encourage small industries to compete and to go on doing business.

As for subsidies to truckers, they are justified because truckers today are providing better transportation than railways. This is a national business concern. That it should belong to private enterprise, I agree. Individuals must assume greater responsibilities.

We believe the minister to be right when providing in his legislation for subsidies to trucking companies, and railways as well, and for a reduction of freight rates in order to help the underdeveloped areas.

In closing, I say that the whole of the province of Quebec needs assistance in the field of transportation of goods coming from other areas of the country, so that the economic revival will reach that province which, as everybody knows, is economically less prosperous than the others, although it has whatever is required for an important development of its natural resources.

I think that all the provinces, including the Maritimes, would agree that the province of Quebec should get those subsidies, in the same capacity as the other provinces or areas which need them.

Atlantic Regional Freight Assistance Act

We are in favour of Bill C-207. I congratulate the minister for having introduced it in the house, and I urge him to extend its application so that more people can benefit from the assistance which the government wants to offer.

[*English*]

Mr. Charles H. Thomas (Moncton): Mr. Speaker, I welcome the introduction of this bill because at least it recognizes a principle which we on this side have been advocating for so long, namely, that some assistance should be given immediately to shippers and plants in the Atlantic provinces to enable them to compete in the Canadian market.

I am glad the minister has finally brought this bill into the house. As he has indicated, it is only an interim measure but I feel it will bring some degree of relief to those affected and it does recognize the principle we have been advocating that subsidies should be paid to all modes of transportation, not just to the railways. Our trucking industry has suffered for years as a result of inequitable competition, and I know this bill will be welcomed with some degree of relief.

Since I welcome the legislation I do not wish to impede its passage, but there are three or four questions I should like to put to the minister for clarification. First, why should it be necessary to bring in a completely new act under a new title? Those who have studied the report of the Atlantic premiers will have noted that while the premiers wanted many changes they worked on the assumption that those changes would be made to the existing Maritime Freight Rates Act. I do not think this was merely because the old name was familiar to them; there may be a good basis for the position they took. The Maritime Freight Rates Act finally, by statute, recognized not only the constitutional obligations assumed at the time of confederation but also the many commitments which have been made over the years to the Atlantic provinces—that they were entitled to certain subsidies to enable them to compete in the Canadian market, and so on. I am not a legal authority and maybe this point is not well taken, but it seems to me there is a feeling that the bringing in of a completely new act, one which does not include these commitments in the preamble, will mean these commitments may be lost in the shuffle. Yet they are the basis of the special claim for assistance advanced by the maritimes. Why could not the old act have been reopened and revised to include the word "Atlantic" if that is considered desirable? Possibly the minister could explain this to us later.

The second point has already been mentioned by the hon. member for Halifax-East Hants (Mr. McCleave). Here again I should like to refer to the report of the four premiers. It seems to me that if we are really interested in assisting the Atlantic region we should certainly listen to the presentations and requests of those directly involved. This was always the position taken by the former Minister of Transport. Every time we questioned him as to what was being done to assist maritime transportation he told us he was awaiting the premiers' report. Now we have that report. It confirms what we heard in almost every brief submitted to us during the trip through the Atlantic provinces, first, that subsidies should be paid not to the truckers or the carriers but to the shippers. The fear was many times expressed that if the subsidies were not paid to the shippers they would not receive the full benefit.

In the second place the premiers felt that the subsidies should be administered by an agency they proposed to set up in the Atlantic provinces. As reason for this, they said the subsidy should be allocated on a selective basis; it should be used to assist industry and should be capable of adjustment as need for assistance was required. They felt this could best be arranged by an agency composed of people from the Atlantic region with an intimate knowledge of local conditions. I would therefore ask the minister to tell us why the government has decided that the subsidy should be administered by the Governor in Council rather than by a separate agency as proposed.

• (12:20 p.m.)

The third point I want to raise is in connection with the premiers' report. Running through the report one will find the distinct theme that change should not be made by the dominion government just for the sake of change or to save money. In more than one place in the report it is stated that if the government of Canada alters the Maritime Freight Rates Act it must accept responsibility for making sure that any changes that are made are for the purpose of assisting the region, not just to save money.

At page 14 of the Atlantic premiers' report appears this statement:

> In fact, the modification of the Maritime Freight Rates Act proposed in this report is made by the four governments on the clear understanding that

[Mr. Caouette.]

the acceptance of such modification by the federal government is equally an acceptance by that government of the responsibility to ensure that the revised act substantially improves the marketing position of regional industry both now and in the long term.

This is something that the premiers emphasized and that I also would like to emphasize.

Fourth and last, I do not see any specified amount of funds provided by the bill to pay subsidies. I should like to know whether there is any limitation on the amount. Subclause 2 of clause 3 of the bill makes reference to a ceiling on assistance payable of 30 per cent of the charges for movement of goods by any individual carrier, but I should like to know whether the total amount of funds available by way of subsidy is limited. Perhaps the minister would clarify that point later.

Briefly, those are the points I wanted to make. I welcome this temporary measure and I hope it will be an interim one. I ask the minister to give full consideration to the committee's report. Many of the suggestions should and must be adopted right away if we are to develop a viable Atlantic transportation act. We suggest that subsidies are very important to the maritimes, and we suggest they be granted on a selective basis and administered in such a way as to encourage industries to develop into viable enterprises. I hope the minister will consider these remarks as well as the report of the committee, and that in the near future we can expect an over-all transportation policy for the maritimes.

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, I think the normal reaction of hon. members would be that we are in a rather strange position procedurally at the moment in being asked to deal with the second reading of this bill on the eve of receiving and discussing a comprehensive report made by a parliament standing committee which it has been indicated will be placed before the house later today. One's normal reaction is that this is a pretty bad case of putting the cart before the horse. However, inasmuch as there seems to be some indication of agreement to this course of action on the part of members of the transport committee, who recently made a rather extensive tour of the Atlantic region, perhaps other hon. members will go along with this proposal on the understanding given them by the minister that this bill represents an interim and perhaps temporary measure.

There are one or two aspects of the bill about which I am concerned, particularly with reference to the extension of subsidies to truckers. I hope the minister and the government are not going to go overboard in this respect. I have sensed a disposition on the part of truckers in the various representations they have made to the members of this house over quite a period of years to feel that they have some sort of divine right to equality of position with the railways in regard to matters such as this and in relation to transportation generally. My concern is that if this matter is not watched very carefully we are going to find ourselves, in effect, in the position of paying a double subsidy. In other words, we are going to be subsidizing truckers, even though the result of their operations will be to reduce the volume of traffic provided to the railways. Therefore we will find ourselves in the position of subsidizing two uneconomic operations.

I think this discussion stems from the debate in the house at the time the National Transportation Act was under consideration. In my view that act was a rather peculiar one. It set a precedent that I am not sure is at all desirable in that when it was introduced it contained a kind of preamble. Actually it was not a preamble but a clause of the bill which in effect set forth a particular philosophy of approach to transportation matters.

I am concerned that in the follow-through from the passage of that act there is going to be a slavish adherence to the principle of supporting the virtues of competition for competition's sake, rather than the recognition that in a matter as basic to the economy as transportation there are situations where the concept of complementing one form of transportation with another is really a more economically sensible approach. In my view the practical effect of slavishly following the concept of the virtues of competition is that we in this country will indulge in a lot of wasteful and uneconomical capital expenditure. I think we have an historic reason to be concerned about this happening. The whole history of the boom of railway construction, competitive railway lines and the resulting chaos that eventually caused parliament to place severe restrictions on the operation of the railways and the construction of new railway lines should, I think, be kept in mind by the parliamentarians of this generation. It has been argued that the wasteful expenditure of capital funds at that time seriously endangered the proper growth and development of Canada as a nation.

Atlantic Regional Freight Assistance Act

On the other hand, coming back again to the relationship between the truckers and the railway companies, I think we should recall that by its acts at that period of our history parliament emphasized the original understanding of the Fathers of Confederation, namely, that in a country such as ours the railways were, and in my view still are, basic to our liability as a nation. I do not think the interests of any particular group of truck lines should be allowed to supersede our understanding of that basic concept as far as the movement of bulk goods in this country is concerned.

• (12:30 p.m.)

I would not want it to be said that I am arguing that there is no place for proper support of the trucking industry in the provision of transportation services to the producers and shippers of this country. At the same time I remind the house that one of the things that must go with that is the expenditure of major funds in the construction of highways. This burden will in large part fall on the taxpayers of Canada at the provincial level, although some of the requisite funds for this region will be provided by the government of Canada through federally raised taxes. These are some of the considerations that came to my mind as I listened to the minister introducing this interim measure to assist transportation in the Atlantic region.

I was interested in the observations of the hon. member for Halifax-East Hants (Mr. McCleave) about clause 5 of the bill. I can see the virtue of the flexibility which that clause provides in the administration of subsidies. I think, nevertheless, that at the committee stage the minister ought to explain to us why this kind of detailed action is to be implemented directly through the Governor in Council and not through the mechanism of the Transport Commission. It seems to me that normally parliament has set up regulatory bodies in the field of transportation and they have had well-defined responsibilities to enable them to carry out the will of parliament. In view of what the hon. member for Halifax-East Hants has said, I think it might be a good idea for the minister to spend a little time in committee outlining the reasons behind this proposal.

I agree with the hon. member for Fraser Valley West (Mr. Rose), one of the committee members to visit the maritimes, that it is better to provide assistance for the sake of shippers, producers and consumers than for the sake of the transportation companies. The hon. member displayed a legitimate concern and, if I am not mistaken, his point will be discussed in the report of the Standing Committee on Transport and Communications.

Having said these things, Mr. Speaker, I am prepared to support those hon. members who were on the committee as well as other hon. members with constituencies in the maritimes in saying that I think it is desirable to give this bill passage at this time, on the understanding that the general policies which will no doubt be considered and discussed in the committee report will be given proper consideration when future government legislation in this field is introduced.

Mr. J. H. Horner (Crowfoot): Mr. Speaker, may I begin by saying I regret that the minister has found it necessary to bring in a temporary measure in order to deal with the urgent needs and problems of maritime transportation. I was a member of the committee and toured the maritimes earlier this year. We heard many briefs and saw much evidence to substantiate the fact that transportation is a problem of major dimensions in the maritimes. The very fact that for many years the Maritime Freight Rates Act has been on our statute books indicates that this problem is of long standing. I am therefore disappointed that the newly appointed minister from that region has brought in a temporary measure. We have had problems with transportation in the maritimes almost since confederation. Why did he, therefore, introduce temporary legislation? Why did he not introduce substantially different and new legislation? After all, we want to solve the transportation difficulties in the maritimes.

This bill, which in my opinion will not be as beneficial as the Maritime Freight Rates Act was, will assist only the trucking industry in the maritimes. Its provisions will make available to truckers hauling goods out of the region assistance that was formerly available under the Maritime Freight Rates Act. Smaller operators carrying on trucking operations within the maritimes will not be helped. As I read the bill it seems that there is to be no assistance to truckers moving goods to the area.

Why should the Governor in Council be involved in regulations governing truckers? Trucking concerns operating within the region will have to come to the Governor in Council for authority to do certain things. Why should a trucker or his agent have to lobby the minister in order to obtain a

licence? Surely the provisions of clause 3 are not fair. It is not fair for people to have to beg the Governor in Council for permission to do anything. Why should anyone have to go on bended knee and ask for assistance?

Mr. Jamieson: Mr. Speaker, I know the hon. member does not wish to misrepresent the case. He was not here when I made my opening statement. I mentioned that a federal-provincial committee will be formed to be made up of representatives of the four provinces as well as federal representatives. That committee will consider just such cases as the hon. member has alluded to.

Mr. Horner: What difference does that make, Mr. Speaker? We now have another committee, another board. I agree with the hon. member for Fraser Valley West (Mr. Rose) that there may be some justification for giving truckers the assistance formerly available under the Maritime Freight Rates Act, but I am very suspicious. Any assistance made available to the trucking industry may not be passed on to shippers. In other words, shippers may not benefit. It is well known that the railways set the basic freight rates and that truckers tag along. If truckers are to be given a subsidy it may mean that they will make greater profits and not pass on to shippers the benefits of any assistance. Frankly, I doubt very much that the trucking industry will pass on to its customers the benefit of any assistance. I do not think this legislation will have much effect on truckers hauling goods out of the maritime region. I think this is a disappointing piece of legislation which does not go far enough in meeting the very serious transportation problems the maritime region has experienced almost since confederation. It will do little to improve those economic factors that tie our country together.

An hon. Member: It is discrimination.

Mr. Horner: In my hand I have a news release dated June 13, 1969. It says in part:

> The new bill incorporates the substances of Bill C-182 introduced on March 19, 1969, under which it was proposed to extend for one year the existing freeze on non-competitive carload rail freight rates on Atlantic region shipments, but it provides that the freeze can be terminated before the end of the year by the Governor in Council.

What kind of security are we giving the transportation industry of the maritime region? The freeze is to be extended for one year. Yet, as the news release says, the freeze can be terminated at any time before the end of this year—before December 31, 1969. How can the government act with such permanency on some matters and yet take such temporary action with regard to some of the more important economic factors that bind us together? These economic factors must be made cohesive.

• (12:40 p.m.)

This bill does not go far enough. It does not ensure that the shipper will receive the benefits. It does not give any real benefit to the trucking industry except to the large trucking firms, and it gives all power to the committee that the minister is establishing.

I have one suggestion to make to the minister. I know it will be difficult for him to follow me without having a copy of the National Transportation Act in front of him. The Maritime Freight Rates Act has been in existence for many years, but even the National Transportation Act makes special provision for the movement of grain for export over railroads leading to eastern ports. This is the eastern grain policy. It was promoted to provide for the continued development of harbours such as Halifax and Saint John. I believe it would also be possible to build another large port on Bay d'Espoir.

Surely the concept of the development and continuance of the harbours in the Atlantic region should be incorporated into a new Maritime Freight Rates Act. When the standing committee visited the maritimes we received many briefs about containerization which will modernize the whole transportation industry. Surely such transportation legislation should give consideration to inbound freight arriving at Halifax for transportation into the interior of the country.

The other point I wish to raise with the minister concerns the right of appeal by a carrier within a region. I discussed this matter with knowledgeable men serving on the Atlantic Transportation Commission. Section 16(3) of the National Transportation Act reads:

> In conducting an investigation under this section, the Commission shall have regard to all considerations that appear to it to be relevant, including, without limiting the generality of the foregoing,
>
> (a) whether the tolls or conditions specified for the carriage of traffic under the rate so established are such as to create
>
> (i) an unfair disadvantage beyond any disadvantage that may be deemed to be inherent in the location or volume of the traffic, the scale of operation connected therewith, or the type of traffic or service involved—

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In other words, if the disadvantage is because of location or smallness of volume of traffic there is no appeal to the new C.T.C.

I asked the Atlantic transportation people about this section. I asked whether they felt they had ample room to appeal any case under it to the C.T.C. They immediately replied no because this provision prohibits an appeal on the ground of location or smallness of traffic. I suggested removing the word "beyond" from the subsection and they said that would improve the act 100 per cent and would give them an opportunity to appeal any unfair rate that may be imposed upon them, whether it be because of their location or because of the small amount of traffic. This would not be a subsidy. This would not be a grant of money. It would just give them an equal opportunity with persons in other regions to appeal to the Canadian Transport Commission.

The minister has told us that a more permanent piece of legislation with respect to the Maritime Freight Rates Act will be coming before the house in the fall. I repeat that I recommend to him that he give consideration to removing the word "beyond" from section 16(3) of the National Transportation Act. There is no question in my mind that this subsection does not apply to Ontario central Canada, although it might apply to some vast regions of the west. But as it is now worded it certainly does apply to the Atlantic region.

If the minister is going to make a subsidy available to the trucking industry he should do so in such a way that the benefit will be passed on to the shipper. Second, he should give consideration in more permanent legislation to provisions governing outgoing export traffic similar to those provisions covering the eastern export of grain. Containerization can add to the permanency of some of the great all-winter ports that we have on the east coast. My third suggestion is that he delete the word "beyond" from section 16(3) of the National Transportation Act.

• (12:50 p.m.)

I also suggest, if the freeze on non-competitive rates is to continue, that it should not continue just until the end of the year. Let us give some permanency to it if it is justified because of there being no corridor road through the state of Maine or because of a number of other reasons such as there being no causeway to Prince Edward Island. A number of reasons could be brought forward for the freeze remaining, but let us not have it at the prerogative of the Governor in Council so that it may be discontinued at the end of a six month period. Certainly the minister, who comes from this great region of Canada, should not demand that this be on a temporary basis at the whim of the Governor in Council. In the permanent legislation which is to be brought in this fall I hope the minister can do better than that.

[Mr. Horner.]

Motion agreed to, bill read the second time and, pursuant to special order made this day, the house went into committee thereon, Mr. Faulkner in the chair.

The Chairman: House in Committee of the Whole on Bill C-207. Clause 1 stands.

On clause 2—*Definitions.*

Mr. McGrath: Mr. Chairman, I wonder whether the house would be disposed to call it one o'clock. We have been sitting since ten o'clock and we are to sit again at two o'clock.

Mr. Jamieson: Mr. Chairman, that would be agreeable to me. I think it is clear that we would not get through before the normal time of rising. If other hon. members wish to speak, I have no objection to rising at this time.

Progress reported.

Mr. Deputy Speaker: It being one o'clock the business now before the house stands adjourned pursuant to special order made Friday, June 13, 1969. I do now leave the chair until 2 p.m.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2 p.m.

ROUTINE PROCEEDINGS

[*Translation*]

COMMITTEES OF THE HOUSE

Twelfth report of the Standing Committee on Transport and Communications, in French and in English—Mr. Lessard (LaSalle).

[*English*]

Fourth report of Standing Committee on Regional Development—Mr. Morison.

[*Editor's Note: For reports of Committees above referred to, see today's Votes and Proceedings.*]

HIGHWAY SAFETY

STATEMENT BY MINISTER AS TO ROLE OF FEDERAL AUTHORITY—TIRE FAILURES

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, last week I advised the house that I would be making a statement on road and motor vehicle traffic safety. As hon. members are aware, responsibility for the federal government's role and leadership in this field has been assigned to the Department of Transport. When the department had identified all aspects of this problem in which the federal government had concern or responsibility the departments responsible for motor vehicle administration and highway safety of each of the ten provincial governments were individually and collectively consulted so that the department could define a program by which the federal government might make the greatest possible contribution. These preliminary discussions were successfully concluded when my predecessor met in Quebec City on January 14 of this year with the ten provincial ministers responsible for motor vehicle administration.

As the house was told following the conference, the provincial ministers welcomed the suggestion of an expanded role by the federal government in certain fields related to traffic safety and specifically in the field of traffic safety research, in facilitating international co-operation in the field of safety research and in developing safety standards for motor vehicles and parts at the point of manufacture.

The federal and provincial ministers also agreed on further periodic consultations to ensure the closest co-ordination of programs and the most profitable exchange of views. As a result of the proposed future ministerial meetings, one of which will be held in September of this year, the appointment of the Public Advisory Board previously envisaged has been deferred. For the present it is believed that the periodic discussions between the federal and provincial ministers and our officials will provide the required source of information for the guidance of our program on motor vehicles and highway safety.

On January 1, 1969, the Road and Motor Vehicle Traffic Safety Office was officially established in the Department of Transport with the appointment of a director. The program of this office will be related to: (1) safety standards for new motor vehicles and parts at the point of manufacture in or importation into Canada; (2) co-ordination of all federal government activities related to road safety; (3) correlation of road safety research in Canada; (4) international liaison in matters related to road and motor vehicle traffic safety; and (5) planning and support of research programs.

Legislation to establish mandatory safety standards for new motor vehicles and components, including tires, at the point of manufacture in or importation into Canada is now being actively considered. Twenty-nine motor vehicle safety standards have been prepared and issued by the Canadian Government Specifications Board, while additional standards are under study. These standards could be promulgated as soon as suitable legislation has been adopted. Consideration is also being given to means for ensuring compliance with standards. Pending the adoption of federal legislation, Canadian motor vehicle manufacturers and importers have given the government assurances that new motor vehicles and components, including tires, sold in Canada will comply with the existing federal safety standards. The Canadian manufacturers and importers have also agreed to notify the Department of Transport and purchasers of any defect coming to their attention bearing on the safety of vehicles manufactured by them.

The Road and Motor Vehicle Traffic Safety Office has been working with other federal departments on road problems related to safety, such as traffic control devices. The office is working with various national organizations such as the Canadian Good Roads Association to correlate the numerous road research activities throughout Canada.

• (2:10 p.m.)

The office is actively participating in the road research service and working party on automobile safety of the International Organization for Economic Co-operation and Development. It is also monitoring the activities of the working party on road safety of the Economic Commission for Europe which is attempting to prepare international motor vehicle safety standards. Contacts have been established with the ministries in France, Great Britain and the United States responsible for traffic safety.

As staff is recruited for the new office during the current fiscal year, their efforts will be directed toward the compilation of an inventory of current road safety research in Canada, an assessment of the needs for an

improved documentation centre, the identification of all safety-oriented activities and their inter-relationships, and the drafting of a modest research program which may effectively contribute to the reduction of crashes, fatalities, injuries and property damage on Canadian roads.

The principal features of the government's initiative in the field of road and motor vehicle traffic safety are co-ordination of activities with the provinces to avoid unnecessary duplication of effort and co-operation with industry, safety organizations and other interested groups. This is typified by the agreement worked out with the provincial ministers to limit federal safety standards to new motor vehicles and components, leaving the control of safety for vehicles in use on the highway systems with the provinces who have the necessary legislation and administrative machinery to regulate this aspect of the problem.

I might add a word with regard to the recent comments and questions which I have been asked on tire failures. The information recently released on the results of tests performed on tires by the national highway safety bureau of the U.S. Department of Transportation was based on a sample comprising 176 tires from 15 different United States manufacturers. The test involved only replacement tires. No testing of original equipment tires—which account for one third of all tires produced—is being done by the United States bureau. Of the 176 tires tested, 33 or 18 per cent failed one or more of the separate laboratory tests for endurance, high speed operation, penetration strength, bead unseating, dimensions and labelling. Due to the difficulty in interpreting the results from such a limited sample, the United States national highway safety bureau began in January an additional testing program on 1,900 tires. No results are as yet available from these tests. The Department of Transport will be studying the results of the new United States testing program and will be particularly interested in the relationship between the results of these empirical laboratory tests and results from actual use on the road.

No results are available from similar tests on Canadian tires to indicate non-compliance with Canadian standards. As previously announced, the government is now considering legislation requiring mandatory safety standards for new motor vehicles and components, including tires. Safety standards for used vehicles, including replacement tires, are a provincial responsibility. Most provinces now specify in their motor vehicle or highway traffic acts that replacement tires shall conform to a standard similar to that enforced by the United States bureau. When federal legislation is enacted, it may be possible to arrange a tire standard program jointly with the provinces to ensure compliance in both original equipment and replacement tires.

[Mr. Jamieson.]

Mr. W. B. Nesbitt (Oxford): First of all I would like respectfully to suggest to the minister that when in future he is going to deliver rather lengthy and complicated statements on motions, perhaps he might have someone send copies to members on the other side of the house who sometimes have to comment instantly—instant comment, you might say. This would be helpful.

I think the minister's announcement will be generally welcomed by everyone. It sounds good, anyway. But it presents the house with a problem with which all major governments are constantly faced, that of divided jurisdiction, perhaps the root of all problems in Canada today.

I am very glad to hear that the minister is going to take an active part in safety research and the standardization of safety equipment in the manufacture of motor vehicles, and particularly in the co-ordination between the activities of the federal government, such as they may be, and those of the provincial governments.

One thing the minister might do is to refer this matter to an appropriate committee of this house at some future date, probably in the fall when we resume the session or begin a new one. I was going to rack my brains, such as they are, Mr. Speaker, in an attempt to suggest a particular committee to which this might be referred, but since so many committees are affected the only course I can suggest is that the minister might appoint a special committee. The Department of Public Works would be involved because of its connection with roads and highways. Trade and Industry will certainly be affected because of the connection with manufacturing and safety standards. The Department of Transport, into whose hands the whole matter seems to have been dumped, is of course concerned. The National Research Council will have a role to play and, from the minister's remarks, it appears that even the Department of Consumer Affairs may be involved. I cannot think of any one committee of the house to which this subject might be referred, so I

suggest the minister consider appointing a special committee to look into the matter and to make recommendations. I might, incidentally, express the hope that if such a course is followed the recommendations of that committee will have more effect on the government than have the recommendations of any committee to date.

Some hon. Members: Hear, hear.

Mr. Nesbitt: In conclusion, let me say it is quite obvious that co-ordination will be desperately needed between those engaged in the federal government's rather limited activities in this regard and the activities of the provincial governments. The minister has shown considerable promise since assuming his portfolio. I am glad to see he is taking a lead in this matter, and I hope he will continue to do so.

Mr. Barry Mather (Surrey): The announcement made by the Minister of Transport has to do with a very serious problem, one which affects Canadians everywhere. For some years we have been killing on our highways rather more than 100 persons each week, injuring over 3,000 every week and causing economic losses running into many millions of dollars.

There are three main causes of accidents: one, the driver; two, the vehicle, and three, the highway. In 1967 several hon. members of this house, who had private members bills down on the order paper calling for action with regard to various aspects of traffic safety, undertook to remove their bills from the list when the government agreed to send their subject matter to the committee on Justice and Legal Affairs for study. After careful consideration some major recommendations were made by the committee, one of which was put into effect last week by the enactment of the drinking-driving law.

The minister's announcement today, though it leaves something to be desired, does represent a step forward with regard to the co-ordination of federal, provincial and industrial action to control the number of accidents and improve car safety ingredients, as well as the highway system itself. I wish to express some disappointment over the fact that the minister failed to announce the appointment of the public safety board to which reference was made by his predecessor. Only a week ago the Canadian Automobile Association, which has a million members, urged the government to appoint such a board, whose purpose would be to work for greater safety on our highways. I urge the minister to consider making appointments to this board soon.

As a measure of the gravity of this subject, may I say that while we have been speaking on this matter at least one Canadian has been killed on our highways, some 30 have been injured, and the toll in dollars has amounted to over $100,000.

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, we quite agree that road safety should be watched closely in the country.

In fact, when the minister insists on the fact that standards of security will have to be applied more and more during the construction of the vehicles themselves, we agree all the way, but we feel that it is not the main factor in all the accidents that happen.

It may be that the best car will carry more guarantees than it really offers against defects capable of causing serious accidents. Of course, this can be remedied, but I believe that this is only a minute part of the problem and that road security rests on the education and training of the drivers. Indeed, these two factors represent the biggest cause of the accidents which we all deplore and which are now almost innumerable. It all depends, in the majority of cases, on the training of the driver, and on his sense of responsibility towards himself and other drivers.

Drivers' incompetence and carelessness, in special circumstances sometimes, should be looked into. The training of those who are granted a driver's permit should be checked. That is a provincial matter, of course, but the federal government can help the provinces to improve the education of all drivers of motor vehicles.

[*English*]

• (2:20 p.m.)

ORAL QUESTION PERIOD

OIL

MEETINGS OF CANADA-U.S. COMMITTEE—REQUEST FOR POLICY STATEMENT

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Minister without Portfolio from Saskatoon-Humboldt. May I ask him whether he is now able to answer a question asked in his absence about a week ago about how many meetings of the Canada-U.S. joint committee on oil, which was established last March, have now taken place?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, there have been two groups or sets of meetings on the subject mentioned, and another set is in the planning stage at this moment.

Mr. Stanfield: A supplementary question. Arising from the statement attributed to the Prime Minister that yesterday's meetings with representatives from the petroleum industry were "a useful input into the federal government's current review of Canada's oil policy", is it safe to assume from this statement that the Canadian government has not yet decided on its oil policy?

Mr. Lang: Mr. Speaker, the government has been looking very hard at this question from many sides. There are many aspects to it, some of which have in fact been the subject of certain decisions relating to how far we go at this point, and others of which are the subject of further discussion before a final decision is made.

Mr. Stanfield: A further supplementary question, Mr. Speaker. I wonder whether the minister could explain to the house how the representatives of the Canada-U.S. joint committee can carry out and discharge their responsibilities and negotiate intelligently with the United States group without Canada having made a decision regarding its oil policy?

Mr. Speaker: Order, please. The question is argumentative.

Mr. Eldon M. Woolliams (Calgary North): A supplementary question, Mr. Speaker. In view of the various statements the minister has made while answering questions, may we take it that there has been no change in the oil policy that has existed since 1961?

Mr. Benson: Since 1966.

Mr. Hees: No. Since 1961.

Mr. Lang: Mr. Speaker, I think that question is too complicated for there to be a simple yes or no answer, because it would take a fairly long analysis of the policy considerations resting behind the statements that were made, and actions that were taken.

Hon. George Hees (Prince Edward-Hastings): A supplementary question, Mr. Speaker. In future when answering questions of this importance, would the minister kindly answer in a straightforward way instead of giving us this meaningless gobbledegook he has been speaking for some time.

[Mr. Stanfield.]

An hon. Member: That was not very nice.

Mr. Hees: It may be good gobbledegook, but it is not intelligible.

EXTENSION OF WESTERN CANADA DISTRIBUTION TO MONTREAL REGION

Mr. John Burton (Regina East): A supplementary question. May I ask the Minister without Portfolio whether the government is giving serious consideration to the proposal of the Independent Petroleum Association repecting the extension of markets for Canadian Oil to the Montreal region. I should also like to ask the minister whether he would consider making available to the members of the house any studies that have been carried out by the department with respect to the economic feasibility of pipe line extensions to Montreal.

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, there are very few matters connected with the expansion of Canadian markets for oil that the government is not considering. It is considering all problems and looking at the apparent merits of solutions. There is no study of a non-confidential nature which would be available for tabling.

Mr. Burton: A supplementary question, Mr. Speaker. In discussions with the oil industry yesterday, were any commitments made? Was there any indication to the oil industry in these discussions what future oil policy would be?

Mr. Lang: Mr. Speaker, no announcements of government policy were made to the representatives of the oil industry yesterday.

INDUSTRY

KAISER JEEP OF CANADA—DISCONTINUANCE OF PRODUCTION AT WINDSOR PLANT

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, in the absence of the Minister of Industry, Trade and Commerce may I direct my question to the acting minister without portfolio. Can he advise this house whether Kaiser Jeep of Canada Limited, a subsidiary of a United States company, has informed the minister's department of the parent company's decision to discontinue production in its Windsor, Ontario plant. If so, is the department contemplating any action?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, the Department of Industry, Trade and Commerce was informed

about the impending action. Although discussions took place between the company and the department, no action on the part of the department is required. The company has invited the Department of Manpower and Immigration to assist in connection with the problem of manpower.

Mr. Broadbent: A supplementary question, Mr. Speaker. Since this company has probably received thousands of dollars in tariff concessions from the Canadian government as a result of the auto pact, does the government plan to take action in an effort to recover some or all of this money?

Mr. Lang: No, Mr. Speaker. The automobile pact between the United States and Canada was designed to much improve the position of the automobile producing industry here. It has brought about that improvement, to the extent that we have experienced a vast increase in employment. That is what was really involved in the agreement.

LABOUR CONDITIONS

KAISER JEEP OF CANADA—GOVERNMENT ACTION TO ASSIST DISPLACED WORKERS

Mr. J. Edward Broadbent (Oshawa-Whitby): May I direct a further supplementary question to the Minister of Manpower and Immigration, Mr. Speaker. When was his department informed that this production was to close down? Also, what action does the Department of Manpower intend to take in efforts to help displaced workers?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Mr. Speaker, may I check on the first part of the hon. member's question. If I may answer the second part, the department will offer its usual facilities in this case, and co-operate.

[*Translation*]

VIOLENT DISTURBANCES

SHERBROOKE—CANCELLATION OF ST. JEAN BAPTISTE CELEBRATIONS

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I would like to put a question to the Prime Minister.

In view of the acts of barbarity and vandalism perpetrated by irresponsible maniacs in the city of Sherbrooke, and more especially near the buildings of the St. Jean Baptiste Society, has the Prime Minister had talks with the authorities of the province of Quebec so that effective measures will be taken to put an end to those acts of terrorism in Quebec?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, I have not had such talks, but I have had the opportunity to say publicly what I thought and I feel that it belongs to the people themselves and the authorities to consider what would become of a state where individuals responsible for such acts of terrorism would come into power.

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I have a supplementary question for the Prime Minister.

Was he officially informed that these celebrations have been cancelled and that he would be unable to attend them?

Mr. Trudeau: Yes, Mr. Speaker, I received notice yesterday that the celebrations planned in Sherbrooke have been cancelled.

Mr. André Fortin (Lotbinière): Mr. Speaker, I have a supplementary question for the Prime Minister.

Since he has stated in public that provinces, and specially the province of Quebec, would be well advised to watch their territory more closely in order to prevent such acts of terrorism, does the Prime Minister intend to advise the Quebec government, and is he prepared to offer the federal government services in order to stop terrorism in Quebec?

Mr. Trudeau: Mr. Speaker, the R.C.M.P. services are available to provincial authorities when they ask for our co-operation.

I only repeat that this cannot come from the legal authorities, but from the people who will finally realize that when a minority in the opposition resorts to violence as it does, it give us an idea of what the partisans of that ideology would do once in power. If it were to happen tomorrow, violence would be in the hands of the established authorities.

Mr. Gérald Laniel (Beauharnois): Mr. Speaker, I should like to put a supplementary question to the Prime Minister.

Is he aware that the people of Salaberry-Valleyfield are anxious to welcome him on July 13 next and are eagerly awaiting him?

[*English*]

VETERANS AFFAIRS

LEGISLATION TO INCREASE PENSIONS AND ALLOWANCES

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I would direct my ques-

tion to the Prime Minister. It has to do with a matter that must have been brought to his attention frequently in recent weeks, namely the dire financial straits in which many thousands of Canadian veterans and their dependents find themselves. Between now and the end of this present portion of the session would he give consideration to having legislation introduced, even though it be only a temporary measure at the moment, to increase their pensions, and in particular war veterans allowances, so that those who served and made possible our being alive today, and in freedom, will not suffer for another two or three months before the session reopens in the fall?

Right Hon. P. E. Trudeau (Prime Minister): Of course, Mr. Speaker, this is linked to the policy which has been acknowledged by the government, that we have to review all aspects of social legislation. We are doing this; we do not want to settle special cases. A special plea can be made not only for the veterans but for old people, for retired civil servants, and for all sections of people in society. We are trying to establish a policy that will review this legislation at as little cost to the Canadian people as is necessary.

Mr. Diefenbaker: In so far as cost is concerned they gave almost everything for you and me, and it should not be forgotten. They should receive preference.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a supplementary question to the Prime Minister. Can he say whether the results of these various reviews will be available to parliament before the end of this session, so that action might be taken on them?

Mr. Trudeau: Mr. Speaker, they will not be ready for the end of this session; but even if they were, we would still need to impose new income taxes to pay for the added benefits recommended by the opposition.

Mr. Knowles (Winnipeg North Centre): As a supplementary question may I ask the Prime Minister if he would like to test parliament and see whether it would be willing to pay for these increases?

Mr. Trudeau: Yes, gladly, Mr. Speaker; next time we introduce a budget to increase taxes we hope we will have the unanimous support of the house.

Mr. Knowles (Winnipeg North Centre): Is the Prime Minister aware of the fact that he will have such support if these various pension increases are brought forward at the same time?

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I direct a supplementary question to the Prime Minister. Is not the answer he gave to the right hon. member for Prince Albert simply the parliamentary way of saying that "we have done nothing, we are doing nothing, and we have every intention of doing nothing"?

Mr. Trudeau: You said nothing, you are saying nothing now, and you will continue to say nothing.

Mr. Speaker: Order, please. The question period is becoming too spirited.

REQUEST FOR TABLING OF WOODS REPORT

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my supplementary question is directed to the Minister of Veterans Affairs. Will he be tabling a white paper on the Woods report prior to the summer adjournment of the house?

Hon. Jean-Eudes Dubé (Minister of Veterans Affairs): Mr. Speaker, I have been asked that question several times previously and I have always said I hoped to be in a position to table that white paper very soon.

[Translation]

AIRPORTS

STE. SCHOLASTIQUE—FINAL STATEMENT BY PRIME MINISTER AS TO LOCATION

Mr. André Fortin (Lotbinière): I would like to put a question to the Prime Minister.

When he stated last week-end, that the decision about the site of the future international airport was irreversible and final, was the federal government still studying the representations made by the province of Quebec or was the study completed?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it depends from what viewpoint the matter is considered.

As far as we were concerned, the discussions had been going on for several months with the provincial representatives. After a while discussions and consultations must lead to a decision. Well, we reached a decision. It is possible that others would have liked to carry on the consultations indefinitely, but we do not share that viewpoint.

Mr. Fortin: I have a supplementary question, Mr. Speaker.

On behalf of the average Canadian, I am asking the Prime Minister the following question.

At the time the Prime Minister made that statement, had the province of Quebec been advised that the choice was irrevocable and irreversible?

[*English*]

NATIONAL SECURITY

REQUEST FOR TABLING OF ROYAL COMMISSION REPORT

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I would like to direct a question to the Right Hon. Prime Minister. On May 20 he indicated that he would be giving a report to the house regarding the report of the Royal Commission on Security. Is he able to tell the house when the report itself, or an expurgated copy of it, will be made available to the members?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am very hopeful that this will be done on one of the days of next week.

Mr. Douglas (Nanaimo-Cowichan-The Islands): At the same time will the Prime Minister be able to give some indication to the house as to which, if any, of its recommendations are to be implemented by the government?

Mr. Trudeau: Yes, Mr. Speaker. This is one of the reasons I am suggesting it will take another few days. We do not want to table the report without giving some indication by the government of the position it intends to take on some of the recommendations.

INDIAN AFFAIRS

ST. REGIS RESERVE—DUTY FREE IMPORTS

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. Since the recent Cornwall incident involving court action against Canadian Indians, is it now the policy of the government to allow free movement across the international boundary of the personal goods of these people as provided in the Jay Treaty and long-standing government practice?

Mr. Speaker: Order, please. This question was asked yesterday.

[*Later:*]

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I rise on a question of privilege. With regard to the question I addressed to the Minister of Indian Affairs and Northern Development may I say that the question was not asked of the minister yesterday. It concerns the fundamental rights of all Indian citizens which have been established from time immemorial and I think the minister would like to clarify the issue.

Mr. Speaker: Order. I must go by my memory. My memory is that the question was asked yesterday. If the hon. member thinks it should be asked again, he can give notice according to the rules of the house and it will be considered at the time of adjournment.

EXTERNAL AFFAIRS

INTIMIDATION BY MEMBERS OF GREEK COMMUNITY OPPOSING MILITARY GOVERNMENT

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a question for the Acting Secretary of State for External Affairs. Will the minister tell the house, and hopefully reassure members of the Greek community in Canada, the results of the investigation into allegations of harassment by supporters of the Greek military government?

Hon. C. M. Drury (Acting Secretary of State for External Affairs): Mr. Speaker, representations to this effect have been made to the department and these allegations are currently under investigation.

MAINLAND CHINA—DIPLOMATIC RECOGNITION BY CANADA

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. As it would have been a relatively simple matter to ascertain well in advance if Communist China—

Some hon. Members: Question.

Mr. Hees: May we have order, Mr. Speaker?

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please.

Mr. Hees: So that the house will not be deprived of my words I will start again.

Mr. Speaker: To this point the hon. member is in order.

Inquiries of the Ministry

Mr. Hees: As it would have been a relatively simple matter to ascertain well in advance if Communist China was in any way interested in being recognized by Canada, why did the government find it necessary to put Canada in the humiliating position of being snubbed openly and continually for the last several months by a government which obviously could not care less about being recognized by Canada?

Mr. Speaker: Order, please. At this point the hon. member is out of order. I suggest to the hon. member that the question as asked is argumentative and therefore is not acceptable.

Mr. Hees: Then I will ask a supplementary in a very acceptable form.

An hon. Member: You can't.

Some hon. Members: Hear, hear.

Mr. Hees: Thank you.

Could the Prime Minister confirm the report that two days ago the cousin of a third secretary of the Chinese Embassy at Stockholm spoke to the Secretary of State for External Affairs on the streets of Stockholm?

Mr. Speaker: The supplementary question is unacceptable.

Mr. Hees: Mr. Speaker, it is a big move forward; it is a sensational move forward.

LABOUR CONDITIONS

SUMMER EMPLOYMENT FOR STUDENTS

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, my question is directed to the Minister of Manpower and Immigration. The minister indicated in the house recently that he was considering making a statement on motions regarding what consideration would be given in respect of assisting university students to obtain summer jobs. Could the minister advise the house if and when this statement will be made?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Mr. Speaker, I think I told the hon. member for York South (Mr. Lewis) I would consider making such a statement. I have considered the matter and do not feel there is anything I could usefully add to the discussion at this time.

[Mr. Speaker.]

TRANSPORT

INVESTIGATION BY C.T.C. OF TRAVEL DELAYS BETWEEN ONTARIO POINTS

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Minister of Transport. In light of the announcement that the Canadian Transport Commission is to survey delays and frustrations in travelling between Toronto and Quebec City will the minister suggest to the commission that this study be extended to include southwestern Ontario and travel between centres such as London, Sarnia, Windsor and Toronto, which are not immune to similar problems.

Mr. Speaker: I have some doubt that the question as asked is in order at this time. Of course, as we reach the end of this portion of the session it becomes more difficult or even embarrassing to the Chair to suggest that questions might be placed on the order paper. If things go the way they might go, we may recess in ten days or so. Therefore it is difficult to suggest that questions be placed on the order paper. After having said all this, the hon. member's question might be allowed.

Hon. Donald C. Jamieson (Minister of Transport): I shall be glad to make these representations to the Canadian Transport Commission, Mr. Speaker.

CANADIAN ECONOMY

PLAN TO IMPROVE FARM INCOME IN WESTERN CANADA

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, I have a question for the Prime Minister. In view of the statement of Premier Thatcher to the Saskatchewan provincial-municipal conference that the phasing out of the $35 million equalization payment from Ottawa along with some shared cost programs, coupled with the loss of $300 million of farm purchasing power, would sharply reduce the ability of the province to help local governments, does the federal government plan to discuss with the province of Saskatchewan any new approach to deal with this disastrous situation?

Mr. Speaker: Order. The hon. member for Wellington-Grey.

COMMUNICATIONS

SUPPORT BY DR. O. M. SOLANDT OF BELL CANADA RATE INCREASE

Mr. W. M. Howe (Wellington-Grey): Mr. Speaker, this question is for the President of

the Treasury Board. Did the government authorize Dr. O. M. Solandt, Chairman of the Science Council of Canada, to appear before the Canadian Transport Commission yesterday to support the application of the Bell Telephone Company for an increase in rates?

Mr. Speaker: I would suggest to the hon. member that this is the type of question which should normally be placed on the order paper.

[*Translation*]

VETERANS AFFAIRS

REQUEST FOR INCREASED ALLOCATIONS

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to put a question to the Prime Minister. It is supplementary to that which was put to him earlier with regard to veterans and civil servants for whom we are seeking higher allowances.

The Prime Minister said that it would be possible to grant increases provided we increased taxes in the country. However, would he accept an increase in productivity, an increase in employment, as a favourable alternative to the tax increase he advocates, in order to increase the allowances paid to retired veterans and civil servants?

Mr. Speaker: I respectfully suggest to the hon. member that this question should normally be placed on the order paper.

[*English*]

AIRPORTS

TORONTO—LOCATION OF INTERCITY JET FACILITY

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Transport a question arising from reports that the intercity jet port at Toronto is being delayed for a year because of the federal government's unwillingness to make a decision. Does the Minister of Transport intend to reject the site located on the sand spit in Toronto bay, a site which the Department of Transport has decided is feasible for the intercity jet airport?

Hon. Donald C. Jamieson (Minister of Transport): To answer that question fully would require a quite comprehensive statement on the whole planning for the southern Ontario region. I can say that this site is being considered in relation to the whole complex of a new airport for Toronto, expansion at Malton and other related matters.

Inquiries of the Ministry

Mr. Stanfield: Mr. Speaker, in view of the importance of the question to the many millions of Canadians in that part of Ontario, would the minister consider making a statement on motions before the house adjourns, in which he would say when he expects to announce the location of the new facility and in which he would give us a progress report?

Mr. Jamieson: This might be an appropriate course of action. I am anxious to give as much information as possible to the public.

Mr. Hees: Mr. Speaker, would the Minister without Portfolio from Saskatoon take note of the clear concise way in which the Minister of Transport answers his questions, and try to do better in the future.

CAPITAL PUNISHMENT

OTTO BORG—INQUIRY AS TO COMMUTATION OF SENTENCE

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I wish to direct this question to the Prime Minister. It does not deal with expenditures, but deals with human rights. Since the rate of murder per capita is up during the last 18 months, what now is the position of the Prime Minister's government in reference to commuting the sentence of Otto Borg, particularly in light of the split judgment by the Supreme Court of Canada.

Mr. Speaker: Order. I must say that I have been unaware of the details of the matter raised by the hon. member, but I have some doubt that it is a question which could be asked at this time.

HOUSING

ALLOCATION OF C.M.H.C. LOANS

Mr. John Gilbert (Broadview): Mr. Speaker, my question is directed to the minister responsible for housing. In view of his expressed concern to provide housing for the low income groups, would the minister make a statement on motions setting forth the allocation of C.M.H.C. moneys to fulfil these needs?

Hon. Robert K. Andras (Minister without Portfolio): I will take that representation under advisement.

Mr. Gilbert: I have a supplementary question, Mr. Speaker. In view of the representation by representatives of the Chinese community that they have not been consulted with regard to urban renewal schemes, would

the minister in respect of his guidelines on urban renewal take this into account?

Mr. Speaker: The hon. member has made a representation to the minister.

HOUSE OF COMMONS

GROUP PHOTOGRAPH—ATTENDANCE OF MINISTERS

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, I have a question for the Prime Minister. Since tomorrow pictures will be taken in the House of Commons—

Mr. Hees: Start again. He is not paying attention.

Mr. Bell: Could I have attention?

Mr. Speaker: The hon. member must address the Chair.

Mr. Bell: Mr. Speaker, this is a matter of concern. The picture that will be taken in the House of Commons tomorrow will be given wide circulation, and faces will be noted. It will not be very satisfactory if there are absences, and if this is noticed by constituents. Will the Prime Minister give permission for the appearance in the house tomorrow of those cabinet ministers whom he has forbidden to appear, so that the people will not know the truth about the members of this government failing to be in their places?

BILINGUALISM AND BICULTURALISM

INQUIRY AS TO CONCLUSION OF STUDY

Mr. A. D. Hales (Wellington): Mr. Speaker, I should like to direct my question to the Prime Minister.

An hon. Member: Hey, wake up!

Mr. Trudeau: You had better come up with better questions.

Mr. Hales: I should like to ask the Prime Minister whether, in view of the fact that the cost of the Royal Commission on Bilingualism and Biculturalism has now reached a figure of approximately $9 million, it is the intention of the government to ask the commissioners to conclude their study and report to this house?

[*Translation*]

Mr. Speaker: This question should be placed on the order paper.

[Mr. Gilbert.]

[*English*]

NATIONAL DEFENCE

MAINLAND CHINA—PRODUCTION OF NUCLEAR MISSILES

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Prime Minister and arises from reports that China is now producing and will soon test nuclear missiles with a range of 6,000 miles. Will he say whether the Canadian government has received confirmation or supplementary information in respect of this report?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, we have not received any of these missiles yet.

Mr. Thompson: Mr. Speaker, in light of the answer, will the Prime Minister assure the house that he will instruct his wandering Secretary of State for External Affairs to ask representatives of the Peking government about these reports, if and when the minister catches up with these representatives?

Mr. Speaker: Order, please. The hon. member should not invite a supplementary answer.

INDIAN AFFAIRS

STATUS OF NATIVE PEOPLES—NORTHWEST TERRITORIES

Mr. Rod Thomson (Battleford-Kindersley): Mr. Speaker, I should like to ask the Minister of Indian Affairs and Northern Development when he is going to make a statement on the native people of Canada, and when he does so will he make a statement about any changes in the political status of the Northwest Territories?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, as concerns the first part of the question, I hope to make a statement in the house before the summer recess.

As concerns the second part of the question, I hope to be in a position to make a statement during the coming weeks.

[*English*]

FINANCIAL ASSISTANCE IN INVESTIGATION OF TREATY RIGHTS

Mr. Robert Simpson (Churchill): Mr. Speaker, in view of the requests made by the

national Indian Brotherhood and by spokesmen for the delegates to the recent National Indian Conference for financial assistance from the government to allow these people to investigate and research their treaty rights, can the minister say whether a decision has as yet been reached and what that decision might be?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, there has been no decision so far but one will be made very soon.

ROYAL CANADIAN MINT

REEMPLOYMENT OF LAID-OFF EMPLOYEES

Mr. André Fortin (Lotbinière): Mr. Speaker, I should like to direct my question to the Minister of Supply and Services.

Since the Mint comes under his department and that seven female employees will be laid off on July 4, I made inquiries this morning at his office and was told that the laid-off female staff would not be reemployed elsewhere, according to government policy—I should like to ask the minister whether he can confirm or deny that fact or at least assure the house that an inquiry will be held in that connection, so as not to lay off those people or to provide them with other employment.

Mr. Speaker: An hon. member cannot ask a minister to confirm or deny a report.

Mr. Fortin: Mr. Speaker, with your permission and that of the house, could I rephrase my question?

Could not the minister inquire and report within a reasonable time, so as to protect the rights of those seven persons?

INDUSTRY

TEXTILES INDUSTRY—REQUEST FOR STATEMENT OF GOVERNMENT POLICY

Hon. Théogène Ricard (Saint-Hyacinthe): Mr. Speaker, in the absence of the Minister of Industry, Trade and Commerce, I would like to address a question to the Minister without Portfolio, from Saskatchewan.

Following the decline of new investments in the Canadian textile industry and the statements made by the president of the Canadian Textile Institute blaming the decline on the government that has not yet disclosed its policy, would the minister tell us when we can expect a statement on the steps to be taken to ensure the growth of this important Canadian industry?

[*English*]

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, this whole question is continuing to receive attention. I cannot give the hon. member the specific date of any announcement in regard to this policy.

[*Translation*]

Mr. Ricard: Mr. Speaker, I would like to direct a supplementary question to the Minister without Portfolio, from Saskatchewan.

Could he tell us when he expects to make a statement concerning the agreements on import quotas reached with South Korea, Colombia, Greece and Japan?

[*English*]

Mr. Lang: Mr. Speaker, I will draw this question to the attention of the Minister of Industry, Trade and Commerce to ascertain when he may want to give full details. The government of course is continuing to consider this question of imports and has taken action to stop distress sales in excess of understood quantities. Of course, the government understands very well the problem of the industry, which is affected seriously by these distress sales. On the other hand it is interested in the country generally in respect of trade.

GRAIN

WHEAT—REQUEST FOR EMERGENCY ACTION TO REACH QUOTA

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I should like to address my question to the Minister without Portfolio from Saskatchewan, since the Minister of Industry, Trade and Commerce is not here. In view of the fact that under existing quotas and the rate of movement of grain it is unlikely we will reach an over-all quota of five bushels on the prairies, what emergency action is the government considering so that we may reach that declared objective?

Mr. Speaker: I wonder whether the hon. member would not agree with my thought that this type of question will be considered during the rest of the day when the motion is placed before the house within a few minutes.

Inquiries of the Ministry

CANADIAN CONSTITUTION

REPORTED AGREEMENT AT DOMINION-PROVINCIAL CONFERENCE AS TO AMENDING FORMULA

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister a question arising out of statements made yesterday in respect of agreements reached at the federal-provincial conference held recently. Am I correct in understanding the position of the government to be that it will not proceed to translate any such agreements into constitutional amendments until an amending formula has been agreed upon?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, that is not exactly what I said. The question of an amending formula will eventually have to be considered when once we have reached agreement on substantive issues on the constitution. We have decided to proceed first by seeking agreement on the substance of the constitution before looking at the mechanics of amending it, reversing the procedures which had been unsuccessfully tried by the Conservative government.

Mr. Stanfield: Am I to understand from what the Prime Minister has said that he will be seeking amendments to the constitution before an amending formula is agreed upon?

This is a matter of some importance to the country and we should like to know the position of the Prime Minister in this regard. I should like to know how he proposes to proceed with the implementation of any constitutional agreement reached, whether he intends to proceed with amendments before an amending procedure is adopted, or whether he intends to proceed by direct address to Westminster?

Mr. Trudeau: Mr. Speaker, I just gave the answer but I will try to give it again in simple language. We have decided not to deal with the amending procedure until we have reached agreement on a certain number of questions of substance. When we have reached agreement on a certain number of questions of substance, then the provinces and the federal government can discuss the question as to how they should introduce these amendments into a new constitution, or into a form of the British North America Act.

Mr. Stanfield: I appreciate the Prime Minister's condescension in order that the rest of us who are not quite so bright can clearly understand what he means. If he had simply said yes when I asked him the first question, he would have been perfectly clear.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. May I ask the Prime Minister whether any of the substantive changes which the government has in mind will be submitted only if the federal government has the unanimous consent and agreement of all the provinces; or does the government have some other formula in mind for introducing these substantive changes?

Mr. Trudeau: Mr. Speaker, in the agenda for the conference we have not yet come to the issue of ways in which to amend the constitution; therefore, no federal government position has yet been stated on this matter.

Mr. Baldwin: Very sloppy!

Right Hon. J. G. Diefenbaker (Prince Albert): I have a supplementary question, Mr. Speaker. Perhaps the Prime Minister will be able to answer it in the simple form that was recommended by him a short while ago. Would he say what he meant a moment ago when he used these words, "either to amend the constitution or the British North America Act". What was the meaning of that?

Mr. Trudeau: Mr. Speaker, most everyone knows that the present constitution of Canada is contained in the British North America Act; however, it is conceivable that following the constitutional discussions which are now going on we will come up with a Canadian constitution which is not the B.N.A. Act.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: There was nothing particularly wise in that answer to warrant such applause from the Liberal seals. Of course, the trained seals must applaud.

Mr. Hees: It is a condition of promotion.

Mr. Diefenbaker: Has any step been taken confirming the optimism of the Prime Minister that in the foreseeable future arrangements will be made with the provinces for an amending formula whereby the constitution will be made in Canada?

Mr. Trudeau: Of course, Mr. Speaker. It is my belief that all the provincial governments and the federal government would not have embarked upon this process had—

Mr. Diefenbaker: But you are putting it backwards. You are not amending the constitution first.

Mr. Speaker: Order, please. I bring to the attention of hon. members that the constitutional debate has ended at the same time as the question period. Orders of the day.

INQUIRY OF THE MINISTRY

Mr. David MacDonald (Egmont): Mr. Speaker, I rise on a question of privilege.

Mr. Speaker: Order, please. The hon. member for Egmont rises on a question of privilege.

Mr. MacDonald (Egmont): For some time during the question period I attempted to get Your Honour's eye because of the nature of my question, which would be completely outdated by tomorrow. It deals with the—

Mr. Speaker: Order, please. Perhaps the house would allow the hon. member to ask his question. The hon. member for Egmont.

Mr. MacDonald (Egmont): I would like to put this question to the Prime Minister: In view of his acknowledged interest in regional disparity, I wonder whether he would agree to give his support to the great step being taken in our capital city today to alleviate cultural disparity through the opening of "Anne of Green Gables" at the National Arts Centre.

Mr. Speaker: Order, please.

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—FAILURE TO RELIEVE ALLEGED CRITICAL CASH POSITION OF WESTERN CANADIAN FARMERS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands) moved:

That this house condemns the government for its failure to take steps to relieve the critical cash position of farmers in western Canada.

He said: Mr. Speaker, the motion I have moved is very clear and concise. It simply states that this house condemns the government for its failure to relieve the critical cash position of farmers in western Canada. Anyone who is familiar with the prairie provinces knows that the plight of western farmers is serious.

Alleged Failure to Aid Western Farmers

The first point I would like to make is that the plight of the grain economy in western Canada is not due to any failure on the part of the farmers themselves. In the past 20 years they have trebled the production per farm worker. No other industry in Canada can match this tremendous achievement. The farmer today is the victim of his own ingenuity, hard work and technological innovation. No one should blame the farmers for producing wheat which the government unfortunately is not able to sell; nor should the farmers be penalized because of this.

Last summer the farmers of western Canada were assured by the Prime Minister (Mr. Trudeau) that we would be able to export an average of 430 million bushels a year for the next three years. In his speech in the city of Winnipeg on June 2, 1968, the Prime Minister told the people of western Canada that it was the plan of his government to sell in the export market 1,300 million bushels of wheat over the next three years. Therefore the farmers have done their part; they have certainly produced an abundance of wheat.

The problem which faces the western economy is one for which the federal government must accept full responsibility. Its failure to meet that responsibility merits the motion of condemnation I am now moving. The first thing which I think the house must become fully aware of is the fact that the western farmer is facing a cash income crisis. During the past two years there has been a steady decline both in wheat sales and wheat prices. Exports for the first eight months of the present crop year are down 19 per cent from the ten-year average. Our carryover of wheat is estimated to be 15 per cent above the 1967-68 crop year. It is estimated that at the end of this crop year we will have some 944 million bushels of wheat on hand. This means that if we have an average crop this year we will have before Christmas in Canada approximately 1,500 million bushels of wheat carryover—an all-time high.

Not only have sales of wheat been declining but the price the farmer receives has been declining. The final realized wheat price for the 1967-68 crop year was down 17.8 cents per bushel; for barley the final received price was down 9.4 cents per bushel, and oats were down 1½ cents per bushel compared with the previous crop year. At the same time, the Wheat Board is selling wheat below the I.G.A. floor price of $1.95½ a bushel; therefore this figure has become virtually meaningless in so far as the farmer is concerned.

Alleged Failure to Aid Western Farmers

• (3:10 p.m.)

Another factor contributing to declining farm cash income has been the substantial reduction in delivery quotas which the farmer is able to dispose of at the country elevator. Wheat marketings to April 23 were 236.7 million bushels compared with 320 million bushels at the same time last year. This represents a decline of 26 per cent. As of June 10 of last year, in the province of Saskatchewan there were no delivery points on a three-bushel quota or less. In the present crop year, 55 per cent of the delivery points are on a three-bushel quota or less. Last year, 38 per cent of all delivery points were on six bushels or more, whereas in the present crop year no delivery points are on a six-bushel quota.

Last Friday the Minister of Industry, Trade and Commerce (Mr. Pepin), who has the Canadian Wheat Board under his jurisdiction, is reported in *Hansard* at page 10096 as having said:

> There are at present 4 on unit quota, 19 stations on a one-bushel quota, 204 on two bushels, 579 on three bushels, 664 on four bushels, and 347 on five bushels. I am assured by the chief commissioner that his hopes are still very high that all stations will be on a five-bushel quota by the end of the crop year.

His hopes may be high, but I submit there is very little likelihood of there being a five-bushel quota for all stations in western Canada. The government may announce a five-bushel quota, but will there be space into which the farmer can deliver a five-bushel quota? That is the important question which I hope the government will answer today.

The Canadian Federation of Agriculture in the brief which they presented to the government on May 28, 1969, pointed out that in this year there will be a reduction in grain income for the western farmers of $430 million, of which $140 million will represent a reduction in deliveries of grain. There will be a further decline of $290 million in the Wheat Board's spring payments which this year will amount to less than $70 million compared with $360 million in the last crop year.

I submit that a decline of $430 million in the cash income of the grain growers of western Canada is a staggering blow to the western economy. No other section of our economy is experiencing such a drastic reduction in its income. Furthermore, I wish to point out that the farmers' situation is aggravated by the increased costs of production. Much of their grain from last year was damp and farmers had the additional expense of drying it. Also, they received lower grades for that grain. Much of the grain had to be stored which involved additional carrying charges. Because of the policies and lack of policies of this government the farmers are paying the highest interest rates in the history of this country. They are paying higher prices for their machinery, equipment, lumber, hardware and the other items which they need in order to continue their farming operation.

It is not only the farmers who are feeling the effects of the catastrophic drop in farm cash income. The entire prairie economy is feeling the effects. Retail sales in Saskatchewan for the first four months of 1969 were down 11 per cent compared with 1968, and last year they were down 4.5 per cent compared with 1967. Machinery sales in Saskatchewan are down some 26.2 per cent and in Manitoba they are down 18.4 per cent. Automobile sales are down 8½ per cent. The fact is that the western economy is in deep trouble, and it is not in this situation because it has failed to produce. It is in these dire straits because the government has failed to formulate policies to stabilize prices and to market the grain crops which the farmers have produced in such abundance.

I want to make two broad proposals. First, I want to talk about the need for an immediate short-term policy to improve the cash position of the prairie farmers. The Standing Committee on Agriculture recognized this need when it asked the government to alleviate the critical cash position of farmers in the predominantly grain growing areas of western Canada. That committee, after touring the west, recognized the need for a massive infusion of cash into the pockets of the farmers of western Canada if the western economy is to be saved.

There are a number of proposals as to how the government can provide some immediate cash income. For instance, the New Democratic party has proposed that the government might pay a 20 cents per bushel deficiency payment on all grain delivered to the Canadian Wheat Board in the crop year 1967-68 up to a maximum of 5,000 bushels. The advantages of this proposal are, first, that the records are readily available and the money could be sent out speedily and, second, that it would be pinpointed directly to the farmers who make their main livelihood from growing grain. The Federation of Agriculture in its brief to the government on May 28 last proposed an acreage payment of $2 an acre up to a maximum of 1,000 acres. The government can use either of these techniques, a

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

combination of them, or any other method they prefer, but the immediate need is to get cash into the pockets of the prairie farmers to enable them to finance their summer fallowing and harvesting operations and to provide a stimulant to the prairie economy.

In addition to this proposal the Canadian Federation of Agriculture in their brief made to the government what I think is a very reasonable proposal for a four-year commitment of $160 million for 1970, declining by $40 million a year thereafter, this money to be used for direct income assistance, partly for acreage reduction and partly for livestock incentive programs or any other useful agricultural policies designed to benefit the western farmer. If the present grain situation calls for a greater diversification of western agriculture, then surely the government must give the lead and supply the necessary finances to enable the farmers to make that transition.

I say to the government that the time for action is long overdue. For six months now the government has stalled and procrastinated. Day after day we have asked questions of the Prime Minister (Mr. Trudeau), the Minister of Agriculture (Mr. Olson), and the Minister of Industry, Trade and Commerce as to what they are going to do about the serious situation on the prairies. It is not a new situation; it has been growing worse for over two years now. What sort of replies have we had? We have been told that the matter is under review and that the whole question is being given consideration. We were told that the government was waiting for the report of the committee on agriculture. We were told that they were waiting until they heard from the National Farmers Union and waiting until they could meet the provincial Ministers of Agriculture and the deputy ministers. Now they have run out of excuses and recently they have merely been saying that the matter is under active consideration.

Mr. Knowles (Winnipeg North Centre): That means it is in the deep freeze.

• (3:20 p.m.)

Mr. Douglas (Nanaimo-Cowichan-The Islands): How much longer can this government flounder in a morass of indecision and procrastination? It used to be thought that the late William Lyon Mackenzie King was the master of stalling and procrastination. Mr. Speaker, the present Prime Minister makes the late Mr. King look like a jitterbug with St. Vitus' dance. I have never in my life seen a government so completely negative and so insensitive to the needs of a vital area of Canada.

We had all hoped that when the Minister of Finance (Mr. Benson) brought down his budget he would make some provision in it for assistance to western farmers. But nothing was forthcoming. I see the Minister of Agriculture (Mr. Olson) present and I hope he intends to take part in this debate. I plead with him not to trot out once again the moth-eaten excuse that the matter is under review. He and his colleagues have had plenty of time in which to reach a decision. As a matter of fact, they are on borrowed time now. Western farmers are patient individuals but their patience is at an end. They will not brook much longer this continued delay, this continued refusal of the government to make up its mind.

It may be the government thinks that by stalling until the house is in recess the problem will go away. It won't. Western farmers and members of this house have a right to be told now what the government intends to do to compensate western farmers for an anticipated loss of $430 million in farm income from grain. It may be that the Minister of Agriculture wants to do something but cannot persuade his colleagues. I say to him that he has a responsibility to speak for the west, as has the Minister of Supply and Services (Mr. Richardson) from Winnipeg and the Minister without Portfolio (Mr. Lang) from Saskatoon-Humboldt. They have a responsibility in the cabinet to speak out for western Canada or to resign in protest against the government's refusal to do anything for the people they represent.

Let us not have any more talk such as we heard earlier this afternoon to the effect that if the government decides to spend any money it must introduce legislation to increase taxes. Mr. Speaker, this government did not need to increase taxes when it handed the automobile companies a gift of $80 million, $75 million of which went to the Ford Motor Company of Canada. There is no trouble finding money when the government wants to look after its friends. But it had better begin to look after the farmers of this country or there will be serious trouble.

I also want to say something about the need for a long-term policy to provide markets for wheat and other cereal grains at stabilized price levels. In the short time available to me I cannot outline in detail the many points which ought to be included in a long-

term program. I should like to deal with the need for a transport controller to provide more equitable deliveries for farmers. I should like to deal with the question of extending the powers of the Canadian Wheat Board to enable the board to handle all grains including flax, rye and rapeseed. However, I had better concentrate on three points.

First, we in this party believe the farmer is entitled to at least the floor price under the International Grains Arrangement, which is $1.95½. This should be guaranteed. If there is to be a price war in the world wheat market we have no right to expect the western farmer to bear the entire cost. On June 10 I put a question to the Minister of Industry, Trade and Commerce (Mr. Pepin), as reported at page 9924 of *Hansard:*

> In view of the fact that the Wheat Board is now selling below the International Grains Arrangement floor price, is the government of Canada paying anything to the Wheat Board by way of compensation, or is the entire cost of this floor price for wheat being borne by the farmers?
>
> Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): No, to the first question; yes, to the second.

Well, that is simple enough, Mr. Speaker. With the government embarking on a price war in wheat and the Canadian Wheat Board selling wheat below $1.95½ a bushel, the entire cost is being placed on the backs of the farmers, and I submit that the least the government could do would be to acknowledge that those who produce our wheat should at least be getting the floor price. If, because of government policy, we have to sell wheat below the floor price the difference should be made up from the national treasury by all the people of Canada.

The second point I wish to stress is the need for a two-price system. The Canadian wheat producer is the only grower in the world whose domestic price is set by world markets. Other countries provide farmers with a price for their domestic sales which is in keeping with general price levels. This is the least the government could do and, in fact, the Standing Committee on Agriculture has recommended such a step in its report.

When I make these suggestions about a guaranteed price for wheat and a two-price system which would set the domestic price at a figure bearing a fair relationship to the farmers' cost of production I am not suggesting anything to which the liberal party is not committed. I remind the house that in March, 1963, when the Liberal party was in opposition, in the election campaign of that year the Right Hon. L. B. Pearson, speaking in the City of Saskatoon, pledged that if he and his friends were elected to office they would guarantee the farmers of western Canada $2 a bushel for their wheat and would institute a two-price system. This was six years ago. When are hon. members opposite going to keep their promise? When are they going to keep faith with the farmers of western Canada? What are the Liberal representatives in the cabinet doing to see that the Liberal party honours a commitment which its leader at the time made to the people of western Canada?

The third thing I wish to suggest in relation to a long-term program is that we need an aggressive and imaginative sales campaign to sell wheat and other stable grains. There is much talk about a lack of food on the market. As a matter of fact there is no surplus of food in the world. The F.A.O. has made it clear that the per capita production of food in the world is less this year than it was in 1939. There are parts of the world in which food supplies have grown faster than population. But throughout the major part of the world the population has grown faster than the food supply. The lack is not one of demand for food; it is the lack of effective demand for food. The problem is that those who need food both in other lands and in our own land do not have the means to pay for it.

• (3:30 p.m.)

I wonder whether the government is really applying itself to the task of seeing whether or not we can meet some of the demand for food. Even in our own country I am not convinced we are meeting the full demand for food. The economic Council of Canada speaks of some five million people living below the poverty line, of nearly eight million living below the line of deprivation. Does anyone suggest they are getting all the food they need? I notice that the Canada Dairy Commission estimate that in 1969-70 they will have on hand 200 million pounds of powdered milk, five-sixths of which will still belong to the Dairy Commission.

In the United States and other lands hot school lunches are being supplied to school children as well as a pint of milk per day for each child. The United States is using the food stamp plan by which old age pensioners, veterans, widows and their children and other needy people are given books of food stamps at nominal cost with which they can buy food, the stamps being redeemed by the government at current prices. Has the government really investigated whether or not

the people of Canada are consuming all the food they are now capable of using.

I am wondering whether the government has looked into the possibility of selling food, particularly wheat and cereal grains, to other parts of the world? For years the government has been coasting on the large wheat orders received from Mainland China and the Soviet Union. If we are going to sell wheat we must develop long-term, bilateral trade agreements.

I am convinced there is a steady market for wheat in countries like the Soviet Union, where it is cheaper to get their Siberian requirements from western Canada than it is to bring them all the way from the Ukraine. There are possibilities for a permanent market in Mainland China; the problem is how the Chinese can pay us. They can only pay if we work out some type of two-way trade. It may be necessary in some instances to accept partial payment in soft currencies, as the United States has been doing, and it may also be necessary to enter into long-term credit arrangements.

Canada is committed to increasing its foreign aid to one per cent of its gross national product. We are only doing about half of what we have committed ourselves to do. It seems to me that a very large part of the increase that we ought to undertake in our foreign aid commitments should be in the form of food to countries that cannot afford to pay for it. I believe we could step up our contributions of foreign aid through the World Food Bank so that much of what we now call our glut of food could be made available to the hungry people of the world.

It is all very well for the Prime Minister to say that it is not his job to sell wheat, but I point out that the Wheat Board Act does place this responsibility squarely on his shoulders and on the shoulders of his ministers, particularly the Minister of Industry, Trade and Commerce (Mr. Pepin). At the present time the western farmer is paying for both the government's and the minister's incompetence. The time has come for the government to demonstrate it has the initiative and imagination to cope with the difficult problem of selling wheat in a world where hungry nations lack Canadian dollars to purchase that wheat.

The fact is that in this regard we have not even held our own. In the period 1948 to 1952 we had 21.3 per cent of the world's grain market. In 1967-68 our share had declined to only 11.6 per cent of the world's market. We are not holding our own, and the reason is that there has not been an aggressive and imaginative grain selling policy.

The government cannot shrug its shoulders and say that it is not its responsibility to sell wheat. The Prime Minister went to Winnipeg on June 2 and told the people of Canada that the government is going to sell 1,300 million bushels of wheat over the next three years. The farmers have grown that wheat and some of it is in the elevators. A very large part of it unfortunately is still on the farms or at the wheat pool elevators.

Mr. Speaker: Order. I hesitate to interrupt the hon. member whose motion is being considered at the present time, but his time has expired unless he has the unanimous consent of the house to continue. Is it agreed?

Some hon. Members: Agreed.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I thank the house for its indulgence and I am just about through, Mr. Speaker. I should like to close by making one other point.

The farmers have been assured by the Prime Minister that there is every prospect of being able to export an average of 430 million bushels of wheat a year for the next three years. The farmers have produced the wheat. A very large part of it is still on the farms. I have talked to farmers on the prairies who have 30,000, 40,000 or 50,000 bushels of grain on their farms. The farmers have no money. As a result the merchants are giving them credit. When the merchants cannot give the farmers further credit then both the merchants and the farmers are in trouble. The whole western economy is feeling the pinch of a serious situation.

I say to the government that our patience on this side of the house is exhausted. When the members of the government go across this country, and when the Prime Minister visits western Canada, they will find that the patience of the farmers is even more taxed than ours. Therefore I hope that instead of making the usual excuses and employing the usual stalling devices, the government will give the house some satisfactory reply today.

The members of this house would like to know from the Minister of Agriculture, first, what interim, short-term measures the government proposes to introduce at this time to put money into the pockets of the western farmers and to sustain the western economy. Second, we hope to hear a statement from the Minister of Industry, Trade

and Commerce, or failing that from the acting minister, the hon. member for Saskatoon-Humboldt (Mr. Lang), on what long-term measures the government proposes in order to sell 1,300 million bushels of wheat over the next three years. If the government can give us satisfaction on those two points, I can assure the government that the farmers of this country will be most grateful. If the government has no answer, then the farmers of this country are going to be very angry indeed, as the government members will find out to their sorrow.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I can only assume from the reluctance of the Minister of Agriculture (Mr. Olson) to get to his feet and state the position of the government that he has nothing more to say other than what he has been saying for weeks and months, namely, that matters are under review and to tell the house what the government has done. On the other hand, if he does have something to announce he should announce it. This he owes both to the house and to the country.

Mr. Olson: Mr. Speaker, on a question of privilege, it has been customary for the government minister to wait until one speaker from each party has spoken. If the hon. gentleman is not willing to state his case, then my speech is ready.

Mr. Horner: Is it the one we have heard before?

Mr. Stanfield: Mr. Speaker, there is no such custom, and I can only assume that the minister has nothing to add to what he has already said. I regret if it is the case that the minister is unable to announce anything substantial or of assistance today along the lines indicated by the leader of the New Democratic party, or of some other kind, to give immediate assistance to the western farmer. Surely the minister can do more than recite past measures and talk about things being under review.

• (3:40 p.m.)

I am prepared to make allowances for the difficulties in which the minister finds himself. He ought to be prepared to recognize that the only way to get this government to act is for him to do what the former Minister of Transport did. In all earnestness I say to him that for the sake of the people of western Canada, for the sake of all our people, if he is unable to announce anything concrete today he ought to tender his resignation to the government. Then he will at least have the satisfaction of watching the Prime Minister jump around and produce aid as rapidly as when the question of housing was dealt with.

Some hon. Members: Hear, hear.

An hon. Member: Boycott the government.

Mr. Stanfield: Surely the minister recognizes the need to help our farmers. Considering the number of times the minister has been embarrassed by having to stand up in the house and say that certain programs are under review and that others are being considered, he must surely have reached the point where he is prepared to do something effective for the farmers of his constituency and of the rest of Canada. He knows as well as anyone else how to bring about action.

At this stage of the session it is ridiculous for us to be pressing the government to help western farmers who face difficult cash positions and a serious crisis. The government's failure to show even the slightest interest in this situation makes the situation all the worse. Short-run prospects are gloomy and long-run prospects unnecessarily gloomy. Farmers are only human. If the Canadian government intends to drive them off the farm its present attitude of indifference will bring that about. Nothing could be better calculated to do that than the government's present attitude.

There is no indication, Mr. Speaker, that the government realizes or recognizes that Canadian wheat is one of this country's greatest material assets. There is no indication that the government intends to capitalize on modern Canadian wheat farms which are among the world's most efficient food producing units. The government, apparently is prepared to throw away one of the greatest advantages this country has in international trade. Other grains are important but the grains of major importance, of course, are wheat, oats and barley. And here, as the Canadian Federation of Agriculture so aptly put it, are the great issues of 1969. Here is where the government has shown nothing but failure.

Although the size of the world market in past years has increased, Canada has not shared in that expansion. Since 1963 our sales patterns have remained steady. The government has made no new efforts or incentives. On the international scene we face heavy competition, often from subsidized grains grown in other countries. On the domestic

scene we have a fantastic hold-over from the previous year which lies on the farms. The leader of the New Democratic party spoke most eloquently about this matter. Millions of bushels of grain remain stored on farms, many farmers not having delivered a bushel of wheat for months. This has meant for them months of waiting without a penny coming in and all the time our farmers' dollars going out to meet the ever-increasing cost brought about by high interest rates which the minister introduced a few months ago in this area.

Personal tragedy stalks many farmers on the western prairies today. Having been encouraged by this government, they invested heavily in capital equipment last year. They borrowed money and now the banks, equipment dealers and others are pressing for their money. Foreclosures of mortgages are threatened and equipment seizures are being discussed. Obviously the money supply is drying up in many small towns where continuing wheat deliveries to the elevators are essential to normal life. That essential ingredient has been denied to the western farmer because of the government's inaction. Because of the lack of cash and because of the credit squeeze, businesses which normally carry the western farmer over the thin spots are themselves pressed for cash. As a result they are pressing the farmers. Fuel dealers, food stores, utility companies and consumer credit firms are all now being forced to demand payment from farmers who lack cash and as a result are in desperate straits.

Not only has the federal government done nothing about getting some cash circulating again in the west but it has refused even to acknowledge that there is a problem. Are we to equate the just society with the callous society? It certainly looks that way. This government has gone beyond ignoring the problem; it has made it worse. Inflation, rising credit costs and continuing high taxes multiply the problem.

Surely I need not take up the time of the house in demonstrating the serious plight of the western farmer. Our long-term economic indicators show that our farmers must sell more wheat and undergo certain adjustments. We were reminded during the federal election campaign that the Prime Minister is good at selling wheat. On television I saw him saying not so long ago that in recent years we have not done too well in selling wheat and that we must improve our performance. He undertook to sell an average of 430 million bushels per year. Now he is apparently saying that it is not the government's job to sell wheat. I suggest that we ought to establish a new selling agency with a long-term policy regarding sales of wheat. I do not think the Canadian Wheat Board would be suitable. I understand that private marketing organizations in the United States have successfully marketed a good deal of wheat abroad. I believe the government ought to confront the government of the United States with facts. Our two countries ought to reach an understanding. After all, we have a common interest in marketing wheat and maintaining markets. In the long run nothing is to be gained by cutting prices because the demand for wheat is inelastic. We do not enlarge the market by reducing prices. Hence I say that the government has failed abysmally. It has failed to maintain our share of the market and to reach an understanding with the United States. Both countries must make certain that we have steady and orderly markets for our wheat.

While we talk about the size of the wheat hold-over and what that may mean to our future, I think we ought to see just how big the hold-over is in relation to our markets. I understand that in 1960 the world market for wheat was about one billion bushels. At that time there was a world surplus of about 2.5 billion bushels, of which about .7 billion bushels was in Canada. In other words, the world carryover in 1960 equalled two and a half times the annual world wheat market. At the end of the 1968 crop year I understand that the world wheat market had risen to about two billion bushels, and the carryover was about 1.5 billion bushels. Clearly, in 1968 wheat reserves were less than one year's annual sales. The wheat surplus will be bigger at the end of this crop year and a substantial percentage of that surplus will be held in Canada. Nevertheless I doubt that the carryover will exceed the requirements of world markets as a whole for one year.

• (3:50 p.m.)

Of course I understand there has been a difference in the mix since then, and that a substantial part of the market is now in the form of lower quality grains. I do not believe our farmers have been encouraged to enter into the production of those grains. In any event, Mr. Speaker, it is important to relate carryovers to world demand and, if my information is correct, even with the large surplus that we have on hand in Canada it is only the equivalent of one year's world demand for wheat, compared with two and a half years'

world demand for wheat in 1960. This puts the matter in clear perspective.

We must remember that the production of wheat goes up and down. There is a succession of good years and a succession of dry years. Therefore I do not think we have any particular reason to be too pessimistic about the long-term view. At least I think we should relate our reserves to demand.

Of course if we regard wheat as a valuable resource which we pay elevator companies for storing, then possibly we should review the charges made by elevator companies for storage. Maybe we are paying relatively too much for storing and not enough for handling grain. Looking ahead, sir, if we regard wheat as a valuable asset, although we cannot sell it this year it may be that consideration should be given to some form of storage payment on the farms with a quota as to size, and of course payments would cease once the wheat was called for by the Wheat Board. This could certainly encourage the preservation of wheat which otherwise under present conditions may be allowed to go to rot.

If this asset is valuable there is no particular reason that the farmer on the farm should have to bear the whole cost of carrying it, whereas the elevator companies are paid for carrying it in their elevators. In addition, of course, over a period of time such a program would help the farmer with his cash position. However, it would not meet the contingency, the crisis, point out in the motion put forward by the Leader of the New Democratic party, which is the farmer's need for some substantial cash at the present time.

Reference was also made to the two-price system for wheat promised by the former Liberal prime minister. I am not making objections to this proposal, but I cannot help but recognize that it would add something to the load of the Canadian consumer at a time when he is being hard-pressed by higher prices and additional taxes imposed by the government, especially the vicious, regressive 2 per cent social development tax which bears particularly heavily on those who can least afford to pay it.

Mr. Olson: Would your party support a two-price system?

Mr. Stanfield: I am speaking about a solution to the present emergency facing farmers. I am not objecting to the program. I am pointing out some of the limitations of it. If it were not made retroactive it would not provide the immediate cash that the farmer needs now. Certainly I am not opposing the program but I am pointing out that the two-price system would not meet the emergency described in the motion now before the house, although higher domestic prices might be acceptable to the Canadian consumer if he felt they were really part of an over-all solution to the farmer's problems.

I hope the minister will produce some long-range plans even if he is not able to produce any immediate assistance, which seems to be the case. It seems to me the government has worked itself into a position where it has left itself with only two options. Either it can stand by and let large numbers of farmers go down the drain, with economic difficulties piling up for western communities, for the economy of western Canada and indeed for Canada as a whole, or it can do something in the form of acreage payments. If the government had acted earlier it could have adopted a variety of programs to meet this emergency. If it believed it necessary for some of the wheat lands to be put into grass we could have adopted such a program earlier, but now such a program would be too late to help the farmers with their immediate problems. The government has boxed itself in to such an extent that an acreage payment is about the only way it can act now to provide the immediate assistance needed by the farmers. However, Mr. Speaker, I and my colleagues are prepared to support any reasonable plan which the government is prepared to put forward to meet this emergency.

During the election campaign the Prime Minister undertook not only to produce exports of 430 million bushels a year but also to give income assistance to farmers. Under the plan they would contribute to a fund in good years and draw income from it in bad years. I have not been in this house every minute since the session opened but I do not think I have heard the Prime Minister or the Minister of Agriculture make any pronouncement about when they will bring any such program into effect. I think that was about the greatest piece of hypocrisy I have heard for some time in election campaigns, and that is saying a good deal.

If the minister has the self-respect that I believe he has, or had, he would take rather drastic action to bring this matter forcefully to the government's attention. Certainly there is no legislation before the house for any program of income maintenance or assistance to farmers. As I say, in the circumstances the government will probably be driven to some form of acreage payment. Some such measure

is needed to try to tide the farmers over their immediate problems, to avoid the collapse of the farm industry and farm communities.

This afternoon we may hear a lot of talk about the fight against inflation. We are all engaged in the fight against inflation. It may be necessary to balance the budget. I appreciate the importance of a balanced budget in these conditions. I recognize the necessity of maintaining defences of some sort. But surely when one considers the dire difficulties of an important sector of the Canadian economy one is not necessarily going to try to preserve a balance in the budget, to maintain a state of surplus when that surplus is largely the result of inflation.

I am not suggesting that acreage payments are enough in themselves. A new crop is coming on. The elevators are plugged now. There may be some dispute about how much there will be to carry over, but it will be a great deal. The other day I heard the minister speak about the possibility of a drought. He said "drouth"; down east we say drought. We understand it means the same thing—no rain. I got the impression the minister was rather hoping for that sort of thing. It may not have been intended and may have come from his subconscious.

Mr. Olson: The idea came from the other side.

Mr. Stanfield: Mr. Speaker, there is no doubt there is a great drought in any performance that is coming from the government side of the house.

• (4:00 p.m.)

Mr. Speaker: Order, please. I must interrupt the Leader of the Opposition to bring to the attention of the house that his time has expired. Is there agreement of the house that he continue?

Some hon. Members: Agreed.

Mr. Stanfield: Mr. Speaker, I shall not abuse the hospitality of the house by taking much more time. I should like to emphasize that this is not just a western problem. We cannot divide this country into sectors and say it is all right because it only affects one part of the country and so on. We are all Canadians and it affects the whole Canadian economy. We can argue if we like that this is not an emergency situation, but there remains a crisis and the very least the government can do is give a very clear indication in this debate that it intends to act. I have very little hope this will take place, but I am an optimistic person by nature. The wheat farmers are in serious danger of losing their farms. Many of them are our best farmers who have experienced difficulty partly because they followed the course recommended by the government.

The second reason this matter is quite important, aside from all economic difficulties, is the refusal of the government to come to the aid of the farmers of western Canada in this time of crisis. This is contributing directly to the dangerous and growing sense of grievance in western Canada. Let us speak frankly. There is a growing feeling in western Canada that this is an eastern government which does not know and does not care about the problems of western Canada. This is the time to argue about the accuracy of this belief. I believe that the government time after time has been inexcusably insensitive in its approach to these problems. I believe it has shown more understanding of the Algerian problem—and the minister knows my concern about that. There could be serious consequences from this grievance. One is the hostility toward the languages bill which has become a symbol, to some extent, of the western grievances.

I have had some sympathy for the Minister of Agriculture. There are two attitudes he can take toward his job. One is to try to protect and help the Canadian farmer get action in respect of his agricultural problems. The other way, which he seems to have chosen to date, is to try to protect the government which he serves. That is what he has been doing. He has spent a year making excuses to western farmers and telling them all the reasons that the grain could not be dried, moved or sold. Seldom have we had a government of Canada that has directed more effort to explaining problems and less effort to resolving them.

I shall close as I started by saying to my hon. friend, the Minister of Agriculture, that if he does not have some definite word today, let him follow the course of the former Minister of Transport and then we will see a lot of action on the part of the government.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, we undertake again today a discussion which is strangely similar to many others which we have held on various aspects of the economic activity of our country.

I listened carefully to the Leader of the Official Opposition (Mr. Stanfield) as well as

to the leader of the New Democratic party (Mr. Douglas) who said that to solve the wheat problem in western Canada, the present Minister of Agriculture (Mr. Olson) should resign. The resignation of the former Minister of Transport (Mr. Hellyer), who was responsible for housing in Canada, is given as an example on the ground that he did what was called for in the circumstances. But that did not solve the housing problem because it got even worse.

If the Minister of Agriculture were replaced by another in the same conditions, what would that change?

If the portfolio of the Minister of Agriculture were given to the Leader of the Opposition, what would happen? We would be stuck with the same old system. Indeed, the decision-making people are blamed rather than the system itself.

As for myself, I do not suggest that the Minister of Agriculture should resign, but rather that he put into practice what he preached during the many years when he was a Créditiste member.

[*English*]

An hon. Member: He knows what to do.

[*Translation*]

Mr. Caouette: He certainly does.

Mr. Speaker, I remember the days when the Hon. Alvin Hamilton was minister of agriculture in the Conservative government, and the then member for Medicine Hat, the present Minister of Agriculture, told the minister of agriculture exactly the same things we are telling him today. That means the situation has not changed. Here, in the house, we sure look smart.

One day, we blame the government as this motion does, and I quote:

> That this house condemns the government for its failure to take steps to relieve the critical cash position of farmers in Western Canada.

A "critical cash position", what does that mean? There may be some who do not understand that, but it means that western farmers are "broke", that they have no money. Yesterday, we had the bad "cash situation" of housing, the day before, that of the Ontario corn producers. We also have the bad "cash" situation of the Maritime provinces where the producers are stuck with a potato crop they cannot sell. Today, we have that of the western wheat producer.

The leader of the New Democratic party said: That the economy of the western provinces is terribly depressed and it is true. But when we look at the whole of Canada, there is recession almost everywhere.

The province of Quebec is having problems with its dairy production, because the subsidies paid the milk producers have been lowered.

• (4:10 p.m.)

The province of Quebec is the greatest producer of milk while Ontario is the greatest producer of corn. The situation is difficult for everyone and the farmers' income is going down. What is offered as a solution? Let us look at the inconsistency, at the folly of the government. And, as I said, we live in a world of crazy people and we are governed by the most remarkable among them.

For weeks relentless efforts are made tc come to an agreement in order to grant $50,000 loans so as to enable the farmers to survive, to buy machinery, to pay less interest.

There is no money left to help the farmers. They are allowed to get in debt and they are told to improve their means of production. Today there is an overproduction of wheat. No one knows what to do with it.

The Minister of Agriculture is quite right to walk along behind the curtains. He has no solution to offer and he is better there than sitting in his seat. He is unable to make a decision, to suggest an appropriate solution. What is the purpose of granting loans to farmers if our production cannot be disposed of? What is the use of loans to western farmers who are faced at this time with a wheat production for which they do not receive a red cent? To get them in debt? Farmers will not even be able to meet their obligations or pay off their loans. They are faced with a wheat surplus.

Part of last year's crop spent the winter under the snow in Saskatchewan, Manitoba and Alberta. Grain was threshed this spring and last year's grain has not been sold. This year, the farmers must borrow money from banks, credit unions and caisses populaires for seeding. There is even talk of paying the western farmers so much per acre not to produce wheat.

The Prime Minister (Mr. Trudeau) tells us there is but one way of improving our standard of living, it is to increase productivity. How clever! Get into debt, borrow, and then increase your productivity, and after that, do

what you can with your products, we cannot help you to sell them.

Do you think the Minister of Agriculture spoke like that when he was sitting here with us?

It seems that when he left our side, he also left his intelligence behind. As for him, he lost everything and went to the other side of the House, with the Liberals. He speaks no longer the same language. Now that he is a Minister of Agriculture, it is as if he had lost all sense of values.

When the minister was Créditiste and used to go to the constituency of Medicine Hat, he did not talk as he does today; he used to say to the western farmers, to the farmers of Medicine Hat: "Believe me, I am familiar with agriculture and, being with the Liberals, I will be in a position to do more for you than when I was a Créditiste." Look at him today; he is betraying the farmers of his constituency, of his province and of his country because he no longer dares to criticize the financial system. He used to know where the problem lay. Today, he no longer does. But he knows, for instance, that the problem is not a production problem. And that applies to all farm products, whether it be wheat in the West, potatoes in the Maritimes, milk in Quebec, or corn in Ontario and so on.

The minister suggests no answer. Compelling him to resign would be of no avail. What is the purpose of putting another cipher in his place if the same system remains unchanged?

Committees are set up. Recently, the members of the committee on Agriculture—I see the parliamentary secretary to the minister (Mr. Côté)—travelled across Canada to meet farmers at home. They realized there were wheat problems in the west, as the leader of the New Democratic party brilliantly explained earlier. They went to Ontario. They came to Quebec. They met farmers at the Chateau Frontenac, because that is where, apparently, the best land is to be found.

Some hon. Members: Oh, oh.

Mr. Caouette: The parliamentary secretary to the Minister of Agriculture attended the meeting and said that Quebec farmers were quite satisfied with the arrangements made with the federal Minister of Agriculture. But the farmers apparently told him in no uncertain terms that they wre not satisfied any more than the western farmers. It was realized how depressed the farming industry is in Canada.

Alleged Failure to Aid Western Farmers

Today the world situation must be considered. As the Minister of Industry, Trade and Commerce (Mr. Pepin) said the other day, we were at one time the greatest wheat producers, especially in post-war years, when some countries were devasted and their people were unable to produce wheat, and they had to buy it from us.

But today things have changed. Those countries have recovered, thanks to Canadian aid, no doubt, and are now wheat producing countries.

I have been to India where they buy a great deal of wheat. Today, India buys its wheat from Mexico because it seems six or seven times more profitable than purchasing Canadian or American wheat.

Although conditions have changed, it does not mean that we should stop all wheat production at home. As a matter of fact, I think that if we had an overall agricultural policy which would enable farmers to know they will be able to sell their wheat, the situation would be entirely different. It is important for the government and the minister to take their responsibilities.

We must provide for the storage of the production that we believe to be a surplus production, but first of all, we must provide for the distribution of this production to the Canadian consumers. This comes first.

Afterwards, we may talk about surpluses. We have them. Well, let us build granaries. Warehouses were built during the war to store bombs and other weapons; thousands of dollars were found.

Let us do the same in peacetime, for food, for wheat, etc. Let us guarantee sales to western producers, not at a loss, but sales that will bring them a profit and will enable them to live decently. Let us do the same in all fields.

After that, let us send our surpluses to the under-developed countries which need them. What could prevent Canadians from providing assistance to those countries? To feed the hungry is a Christian endeavour, it seems to me.

Today because the financial system is rotten, we are at the mercy of big business.

Like the Minister of Agriculture, we are bound hand and foot. We feel we cannot do better.

The government introduces regressive budgets which are not at all meant to revive the Canadian economy. Let us not forget that our country has from 450,000 to 500,000 unem-

ployed people, who lack the bare necessaries. However, the government would rather pay them unemployment insurance benefits rather than put new life into the economy by giving them jobs which would enable them to draw a salary and pay income tax, thus increasing the revenues and reducing expenditures. The government has not yet seen the light.

The Créditistes are consistent as to the solution. There is no problem of production of wheat, but rather a problem of distribution, of marketing. The Minister of Trade and Commerce has toured the globe, looking for clients. But during that time other wheat producing countries have not remained idle.

• (4:20 p.m.)

There is therefore what is called international competition, and since we are unable to produce at the same costs as the countries more populated than ours, we have to sell our wheat on the foreign markets at prices lower than costs.

The administration of the Department of Agriculture will cost $255,798,755 this year. Now, considering the overall results obtained, I feel that it is too much. Instead of paying salaries to bureaucrats who achieve nothing, instead of maintaining an almost useless department, in the circumstances we should distribute the $255 million in question to the wheat producers in western Canada and to the dairy producers in eastern Canada.

Thus we could avoid debates as futile as the current one, because we know that the government is not willing to solve anything. In fact, it is not ready to take its responsibilities. It is still waiting for reports from the task forces before taking a decision. And meanwhile, as the N.D.P. leader said earlier, the western farmers are hard pressed. They have to contend with terrible problems and they are facing bankruptcy.

There is a strange parallel between this situation and the economic crisis of 1929. If the government does not take a stand soon, if the cost of living keeps going up, within two years we will be in the midst of an economic depression such as the one we had from 1929 to 1939.

The minister and the government must take their responsibilities. Instead of asking the wheat producers or other Canadians to tighten their belts, to suffer even more, let us tackle the real problem, that of the financial system.

It is strange that western wheat growers are literally dying of hunger when financiers are living on the fat of the land, because they have all the wheat and milk they want, and they raise the interest rates. The minister does not object to this situation.

Yet, as I said, when he sat among the members of the Ralliement créditiste, how brilliant he was! How well he understood the situation, how opposed he was against any increase in the interest rate, the control of finance over wheat growers and dairy producers!

I heard the Leader of the Opposition declare earlier that the Department of Agriculture is said to be favouring Eastern Canada. I must say that our Eastern regions, as far as farming is concerned, are in the same unholy mess as the West.

You can find people on the brink of bankruptcy in Eastern Canada, to such a degree that I am convinced that the department responsible for eradicating regional disparities is getting organized. As a matter of fact, there will not be regional disparities any longer, since everybody will be poor, and Canadians will be headed by a government that will be powerless, impotent, paralyzed and shamefully subdued by Canada's high finance.

That is what we object to, and that is why we ask the government, as the leader of the New Democratic Party and the leader of the opposition did, to recognize its responsibilities and to come forward with solutions. No poultices on wooden legs. What good would it do to squeeze money out of the eastern milk producer to give it to the western wheat producer. That would not settle the situation, but would make both poorer.

Yet the Minister of Agriculture, with his knowledge of political economics, is in a position to find a solution. He only has to recall those good old years when he was a staunch Créditiste, when he had the genuine solution to the present problems, and to act like a responsible minister, in a sovereign government, in a country in full economic development.

[*English*]

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I suppose the most important suggestion made in the debate so far this afternoon was that by the mover of the motion, the leader of the New Democratic party (Mr. Douglas), and by the Leader of the Official Opposition (Mr. Stanfield), that I resign. People in various positions have from time to time resigned for a wide variety of reasons, health and many others. But I suggest to you, sir, that in the context in which

the recommendation was made today, what was proposed was that I abdicate my responsibility with respect to agriculture in general and the grain farmers of western Canada in particular.

Mr. Horner: You are not taking the suggestion seriously.

Mr. Olson: I think that resigning under those conditions and in that context would be nothing less than running away from responsibility—in fact, abdicating responsibility. While the Leader of the Opposition may have some knowledge of western Canada, I would remind him that I was born and raised there, and we were not brought up to do that kind of thing.

Some hon. Members: Hear, hear.

Mr. Olson: I say, Mr. Speaker, that this request to resign came from the two greatest authorities in Canada on abdication of responsibility.

As has been stated a number of times in the house—several members of the government have said this—the government has great concern for the problem of the cash flow in the grain economy of western Canada at the present time. I have said many times inside and outside the house that the problems facing cereal producers in western Canada at the present time are under intensive study with a view to arriving at solutions.

Mr. Stanfield: Not again?

Mr. Olson: Those problems are not being neglected nor glossed over.

Mr. Horner: Tell it to the farmers.

Mr. Olson: However, as has been pointed out, they are complex problems and we have to come to grips with the root of them. As the leader of the New Democratic party and the Leader of the Opposition have pointed out, there are many possible roads we could take in order to arrive at real solutions. It is our considered opinion that after the number of things we have done that may be termed first-aid measures, we need to find a solution that is part and parcel of a long-term answer to this problem and which will not in the long run further aggravate the situation.

Pressure by the opposition for immediate action regardless of the consequences is not a new thing. It is not a new thing even in respect of the 1968 grain crop. I recall that last June and part of July voices were raised from across the way asking: What is the government going to do about the drought? The record in *Hansard* is clear. Questions were raised day after day asking what the government was going to do because it had not rained in certain parts of western Canada. Later in the summer it started to rain. Then the opposition began to cry and scream about what the government intended to do to shut off the rain so that harvesting could be carried out. That is exactly what they said.

I do not take any great satisfaction from the fact that farmers have to go through a number of difficult periods. But the fact is that last fall when the problems of harvesting and damp grain were being bandied about in the house day after day, and cries were going up that not only millions but hundreds of millions of bushels of grain would rot, having come from western Canada and having been directly involved more than once in that kind of situation I had more confidence in the capability of the western farmer than was expressed by the opposition.

What are the facts? The facts are that not hundreds of millions of bushels, or even millions of bushels, of grain were spoiled. In fact, the amount of grain spoiled was about the same as in an ordinary year. This was not because of anything the government did; it was because of the competence, knowledge and perseverance of the farmers of the western plains.

One does not have to think very far back to realize what happened last fall. On November 27, 1968, and January 22, 1969, motions were made under Standing Order 26 for the adjournment of the house in order to debate the problems facing the western farmer because of the damp grain situation. At that time nothing was heard except predictions of gloom that the policies the government had announced and instituted were inadequate to meet the situation. It was said that hundreds of millions of bushels of grain would rot on the prairies unless we did something more than institute the policies announced.

• (4:30 p.m.)

What happened is now evident. Our policies, such as they were, were not complete solutions. No one ever suggested that the policies we enacted in this house would result in the drying of grain in western Canada. The farmers were going to do that and they did it. These programs were coupled with programs that were undertaken by the provinces and, most important of all, the efforts of the

Canadian farmers resulted in the solving of the tough and damp grain situation. Certainly there were problems, and I am not minimizing them, but all the reports I have been able to obtain indicate that any loss due to damp grain was not abnormal and was in line with normal years.

I should like to return now to the matter of income which is part and parcel of the motion before us. Of course the charge is not accurate and I intend to show how absolutely inaccurate the contents of the motion are.

Mr. Horner: Just tell us what you are going to do.

Mr. Olson: To solve a problem of this nature, as I suggested at the outset, one must get to the base, and the base problem is one of marketing. At least, that is what the farmers in western Canada tell me and I prefer to accept their advice than some of the suggestions that have come from across the way from time to time. This in itself suggests that a solution will be found in marketing and that perhaps no satisfactory solution will be found any other way.

Mr. Stanfield: You knew how to market a year ago.

Mr. Olson: This does not suggest a shotgun approach as was used by the opposition once or twice when they were faced with similar situations. At that time inadequate payments were made to those who needed help and what was almost tantamount to a raid was made on the public treasury to assist even those who did not need help because assistance was given regardless of need and of whether or not farmers were able to deliver grain.

The duration of the problem must be determined and some kind of solution must be set up. I suggest that first and foremost any solution must be such as not to further aggravate the problem. It must help those who need help most and, perhaps most important, it must fit into the long-term agricultural policy.

In keeping these criteria in mind one cannot help but question the appropriateness of reaching a decision regarding the nature and extent of assistance to western producers at this time. You may well ask why. As with all complex problems, there are many answers; indeed, there are many combinations of programs that may lead to a solution. Perhaps the most important consideration is that since we are dealing with a marketing problem and since we are looking for a marketing solution we must consider our international marketing obligations. I do not think anyone will dispute that. As is well known to every member of the house who is interested and, indeed, to all grain farmers in western Canada, at the present time the International Grains Arrangement is unsettled and we must avoid taking action which would place further strain on this important agreement.

Mr. Horner: It never was any good, and I will tell you why.

Mr. Olson: The hon. member will get a chance in a few minutes, I assume. There are some farmers, indeed there are a number of farm leaders across this country, who think that Canada should try to salvage as much of the agreement as possible, and intend to restore the agreement to what Canada thought it was, if that is possible. This is not for Canada to do alone, and hon. members who are realistic and reasonable know that as well as I.

Another consideration is that at the present time the crop is in the ground and the expenditures for it have been made. The farmers next series of obligations, their next major expenditures, fall into two categories: Those that are associated with the harvest, which is some time away yet, and those that are associated with alternative sources of income. The second major enterprise in the prairie provinces is raising livestock, particularly cattle and hogs. Returns from livestock on the average—by the way, this excludes returns from dairying—represent about one-third of the cash receipts from farming operations in the three prairie provinces. Notwithstanding what has been said from time to time in the house and in other places, this year the returns from livestock are somewhat better than they have been. I realize as well as anyone here that there are farmers in the prairie provinces whose operations are highly specialized and who do not have returns other than from cereal grains, but I also realize that there are many who do have other income.

I have stated that it is not a new phenomenon that we are experiencing in western Canada, and that the pile-up of grain and the impaired marketing are not the first that have been experienced in western Canada. I have indicated the forward steps that the government has taken to meet the income problem, and I will document those a little later in case some hon. members have forgotten the many steps that have been taken in the last 10 or 11

months. Further, I have indicated our desire to measure and solve the problem logically and effectively.

The situation at present is a changing one, I suggest. The actions that have been taken will not all bear fruit immediately. For example, grain is now starting to move a little better in some areas. In recent weeks the sale of feed grains in eastern Canada has been about two million bushels per month higher than it was last year at this time.

Mr. Horner: Tell us about the price compared with last year.

Mr. Olson: As I have indicated, there are no instant solutions to these problems and time is a valuable asset, not to delay decisions but to provide time for evaluation and for working out the administrative machinery required to ensure that only those programs that will be helpful will be put into effect.

A number of questions were raised by the Leader of the New Democratic party and also a number of suggestions were made by him. There was nothing new in those suggestions. He suggested that what we have done so far is not satisfactory to the New Democratic party and that unless we meet all the demands that he made in his three recommendations the party will not be satisfied. All I can say to him is that even if we complied with all three of the recommendations, and even doubled our efforts, the Leader of the New Democratic party would not express any satisfaction in the program. So I am not very impressed with that kind of argument.

The Leader of the Opposition admitted that there were production and marketing problems and, indeed, that the level of production and of marketing varies quite widely from time to time. I was pleased to hear him say that because it indicates at least that he knows that this is part of the problem and that he acknowledges it. He agreed with me also in his remarks when he said that we must direct our attention and use what resources we have and all our energy for the purpose of expanding markets. We have taken some measures in this respect, not all of which have been made manifest yet. Indeed, when you make changes of these kinds they are not felt immediately.

Mr. Stanfield: Will the minister permit a question?

Mr. Olson: I should like to complete this thought first. The Leader of the Opposition also knows that it is not wise for the minister who speaks in the house for the Canadian Wheat Board to spell out in detail what it is doing by way of sales promotion because to do so would assist our competition in the international market.

Mr. Stanfield: I wish to ask the minister how he and the government could give the Canadian people the assurance a year ago that Canada would sell an average of 430 million bushels a year for three years, and what has happened in the meantime to all these efforts and to the selling techniques that must have stood behind that assurance?

• (4:40 p.m.)

Mr. Olson: The Minister of Industry, Trade and Commerce (Mr. Pepin) will be dealing with that aspect later today. If the Leader of the Opposition cannot wait I should be glad to go over some of the statistics. In the 1967-68 crop year, taking grain movements from August to June 4—that is the first year he talked about—355.8 million bushels of wheat were moved. To date, in the same time 278.9 bushels have been moved—

Mr. Stanfield: A little short.

Mr. Olson: There will be some additions to that amount. As the Leader of the Opposition knows, there are other movements of grain within Canada which do not show up in that record.

Mr. Stanfield: Oh.

Mr. Olson: I want to conclude these remarks by referring in detail to what has been done during the past few months to help in this situation. I do so in order that hon. gentlemen opposite who moved this motion, and others who support it, may know exactly what the facts are. I have to repeat this over and over again for the sake of emphasis. We do not claim that all of these measures or any part of them offer a complete solution to the problem. Nevertheless, the motion says the government should be condemned for its failure to take steps to relieve the situation.

This suggestion is manifestly untrue, and I am now about to read a list of all the things we have done. First, there was the program of cash advances on farm stored grain. This was put into operation last year and to date $151 million worth of cash advances has been taken up. Remember, no interest is charged. The federal treasury pays the interest on the money made available for these cash advances. I wish to make it clear, of course, that many of the helpful programs in which

the government is now involved were not instituted this year or last year.

Mr. Horner: Would the minister permit a question? He tells us that $151 million was advanced under the cash advance legislation. Can he inform the house as to the amount expected to be repaid by the end of the crop year on July 31 under this legislation?

Mr. Olson: It is difficult to give that information at the moment. As the hon. member knows, 50 per cent of the payment on grain actually delivered to the elevator is used to pay the cash advance. Some estimates have been made. It is probable that between $90 million and $100 million of the total amount is still outstanding. I cannot give a precise figure because the amount is changing every day. Furthermore, I may say there are indications that these advances will not all be collected by the end of the present crop year. Indeed, I think it is fair to say that a substantial amount will still be on the books on July 31, 1969.

Mr. Horner: That shows how serious the position is in the west.

Mr. Olson: Let me continue. First, there was the cash advance program. Second, under the Temporary Wheat Reserves Act, during the crop year 1968-69 $55 million will be transferred from the Canadian treasury to the Wheat Board. In the course of that fiscal year the amount was $48.7 million.

Third, last fall the Minister of Finance (Mr. Benson) introduced a program of accelerated depreciation as a measure of assistance to farmers in their present situation.

Fourth, a sum amounting to $7.1 million has been paid out under the Prairie Farm Assistance Act.

Fifth, a special quota was introduced last fall in connection with damp grain, intended to help out in the situation we have in mind.

Sixth, cash advances were made available to those who were unable to obtain credit for drying, to the extent of 10 cents a bushel. We estimate that $2 million went out for this purpose.

Seventh, the Farm Credit Corporation has announced its readiness to consider applications for deferment of payments. I understand about 7,000 of these applications are now under consideration and that some deferments have been granted.

[Mr. Olson.]

Mr. Horner: Would the minister permit a question on that point? Is he saying that payment of interest on loans will also be excused, that permission will be given for interest payments too to be deferred while this crisis continues in western Canada?

Mr. Olson: No, we have not declared a moratorium on interest payments. We have said that if applications come in for deferment of payments under the contract for this year, such applications will be granted, and they have been granted.

Mr. Horner: What help will that be to the farmers if no moratorium on the interest payments is declared?

Mr. Olson: Well, Mr. Speaker, if you owe a bill and go to a creditor and ask him for permission to defer payment and the creditor agrees, knowing that although you do not have cash you have something to sell, surely that is of some assistance.

Eighth, parliament has amended the Farm Improvement Loans Act in such a way as to make it operative, and as a result the provisions of the act are increasingly being used. The legislation provides a government guarantee for the security of loans advanced to purchase farm machinery and many other things. I want to say that notwithstanding all the complaints which came from across the way the rate of interest is substantially lower than farmers were paying for credit on the same terms from the banks before we amended this act last fall.

Ninth, a substantially increased sales promotion program has been put in operation by the Wheat Board. The Wheat Board has already announced this increase in its activity. As the Minister of Industry, Trade and Commerce has said many times, it is not in our interests to make public the details of what has been done.

Tenth, there are the provisions made for crop insurance. In the three prairie provinces $9.95 million was put out in benefits. For the information of those who do not know, the federal government pays 25 per cent of the premiums and bears 50 per cent of the administration costs.

Eleventh, about $8 million was distributed during the past year in line with the I.G.A. support price prior to the agreement being ratified and made operative by all the signatory countries. This was done during the present crop year.

Twelfth, there is the program of food aid. Under our external affairs program the amount involved has constantly increased. This is not something which has happened suddenly, of course. But if we go back to 1962-63 we find that $4.5 million was alloted to this purpose—a very austere program. Hon. members opposite do not like to talk about that. Today the level is $70 million and most of it is represented by wheat and flour.

Mr. Horner: How much is the wheat and flour content?

Mr. Olson: As I say, when members opposite were in office that figure was $4.5 million. Today it is more than 15 times as much.

Mr. Horner: How much is wheat and flour?

Mr. Olson: Most of it.

Mr. Horner: "Most of it" is not good enough.

• (4:50 p.m.)

Mr. Olson: What would you like to have? Not very much of it? Most of it is surely better than not having a majority. I have listed 12 items. I do not claim that any one of them by itself is all that great, and I have repeated that statement a number of times. But when you put all these things together they add up, I suggest, to a fairly significant package of what you might call first aid or transitional help.

I am also suggesting, as I have said a number of times in this house, that we ought to work toward finding better long term solutions that will be of assistance over a period, steps that will not further aggravate the situation. Any time there is a contraction of the market for a particular commodity there are problems. The hon. gentlemen of this house as well as the farmers of Canada know that agriculture has problems. There is no completely satisfactory solution to those problems. All we can do is try to increase the market, and following that to work out a better system—if that is possible—to equate production to marketing.

No one denies that we are going through a difficult period. However, all these measures that we have taken to date, and the attempts that we are now making to work out longer term solutions, fit into a policy that will be of assistance over a time. I think that the government can point with some pride to what it has been doing during the past 10 or 11 months.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaking (Mr. Béchard): It is my duty, pursuant to standing order 40, to inform the house that the questions to be raised at the time of adjournment tonight are as follows: the hon. member for Simcoe North (Mr. Rynard)—Fisheries—sea lamprey—utilization of chemicals to protect lake trout; the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall)—Air Transport—Newfoundland—eastern provincial airways service to Deer Lake; the hon. member for Brandon-Souris (Mr. Dinsdale)—Agriculture—dairy industry—loss of quota by western provinces.

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—FAILURE TO RELIEVE ALLEGED CRITICAL CASH POSITION OF WESTERN CANADIAN FARMERS

The house resumed consideration of the motion of Mr. Douglas (Nanaimo-Cowichan-The Islands).

Mr. G. W. Baldwin (Peace River): Mr. Speaker, the minister has spoken about giving first aid, but I suggest what he has itemized amounts to giving a bandaid to a man who has lost his leg through amputation when it comes to assessing the value of the proposals that he has outlined. The hon. member for Témiscamingue (Mr. Caouette), the leader of the Creditiste Party, made some comment about the fact that the minister had travelled a little during his political career. I, for one, was very pleased when it appeared the hon. gentleman had seen his way clear to change his political allegiance and to move to the government side to become the Minister of Agriculture.

At that time, Mr. Speaker, I said to myself that here was a westerner, a man who should know the problems of the west. I thought that after the experience of the past we could hopefully look forward at least to something being done by a man who was understanding, knowledgeable and sympathetic. Now, I think we have to be frank. I still have great admiration for the minister as an individual. I make no complaint about the corner of the house from which he came, but I must say that I have been terribly disappointed by the

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results of the minister's performance since he occupied this portfolio.

Many people have crossed the floor of this house and many will, but having listened to the minister today I must say that none has left so tortuous and twisted a trail in his political transformation, a trail that would break a snake's back to follow. Obviously, in his earlier political life, when the minister was a member of a party the political latitude and longitude of which is somewhere off to my left, he spent his time letting down empty buckets into empty wells. He is now frittering away his time trying to draw them up again.

As for the Prime Minister (Mr. Trudeau), he has made one or two incursions into agricultural matters, including his appearance at Winnipeg where he told the farmers that it was not his responsibility to sell wheat. I would only say in his case that his occasional flashes of rhetoric in regard to agricultural matters make his silences even more delightful.

We see today the result of six years of neglect. No, I will amend that.

Mr. Olson: Do you call the years 1964, 1965, 1966 and 1967, four years, years of neglect?

Mr. Baldwin: There was a time when an hon. gentleman from Calgary, who now occupies a position in the other place, held the minister's office. There were one or two occasions when he did some things of value to the agricultural industry. But this government and this minister have been absolutely irresponsible in their approach to the agricultural problems facing this country.

Their own words condemn them. I should like to refer to a speech made by the hon. gentleman at the O.E.C.D. agricultural ministers' meeting in Paris in November, 1968. During the course of the election campaign many of us had become aware of the problems and difficulties facing the agriculture community of this country unless some specific and concrete steps were taken. Yet, Mr. Speaker, the minister went to the O.E.C.D. ministerial conference at a time when, conscious of his responsibilities to the farming community of this country, he should have laid down the law in no uncertain terms. He must have realized at the time what was happening with regard to the international sale of wheat throughout the world. But all the minister said, as far as I can see having gone through his speech, was this. Having outlined some of the proposals which were being advanced, he said:

> These, then, are some of our newer policies. They are helping to bring about increased efficiency, improved farm structure and higher incomes. They also are aimed towards market requirements. There is still some distance to go before our farmers get returns similar to those in other sectors with similar skills and investments.

The minister was playing "pat-a-cake" with the agricultural ministers of other countries that must, to the knowledge of the minister, have then been engaged in practices that were having a deleterious effect on our agricultural economy. When this government became involved in other international problems such as, for example, an educational conference held in Gabon—I am not going to go into the merits of these examples, even if I were allowed to—all hell broke loose because of the government's attempts to achieve the sort of international posture the government deemed desirable. As I say, I am not going to comment on that matter; but when it comes to the subject of agriculture, and the minister had both the opportunity and the audience to whom he should have been making representations, the quotation I put on record is the kind of clap-trap that was advanced.

Mr. Olson: Would the hon. gentleman permit a question? Would he like to be fair and point out that he did not read the whole speech? Nor, in fact, has he a copy of the other negotiations that were conducted. All my hon. friend has is the opening statement made at the meeting in Paris.

Mr. Baldwin: I have the whole speech, Mr. Speaker. I combed through it thoroughly, and this was the strongest part of it that I could find.

The minister also spoke to the Canadian Agricultural Congress at the Chateau Laurier Hotel on March 24 when the Magna Carta of the farmers was introduced. The Congress had set up a task force and new, brilliant, constructive and thoughtful policies were to emerge at that time. What did the minister say? On page 1 of the communique we find the following:

• (5:00 p.m.)

> In the midst of this, individuals and their organizations have turned to government for leadership and assistance in reaching solutions to the problems they face.

Some leadership, Mr. Speaker! Some assistance! I continue:

> I feel that I can say with certainty that they have received a sympathetic hearing from the governments to which they have appealed.

Of course, they received a sympathetic hearing. This government always listens sympathetically. It listens, reviews, sets up task forces but does nothing. This is a government of inaction and ineptitude. The statement on page 5 is a dead give away. There, the minister said:

> Finally, I would suggest that the long-term good of the industry is the target of our deliberations. We ought not to spend an undue amount of time on current, short term problems. We recognize that such problems exist and are serious.

That is a great concession on the part of the minister. He recognizes the existence of problems. We are making progress. He went on to say:

> Instead, we are searching for long-term solutions rather than stop-gap measures.

In other words, by the time the patient is dead and the farmer has been forced off the farm, the government may come up with long term solutions, devised no doubt by the minister of regional economic disparity. The government is following the policies of Hon. Walter Gordon who proposed that we take the people out of Atlantic Canada and resettle them. I suggest to the minister and hon. members of the house that this in fact is the government's policy. It is saying, "Let nature take its course and let the farmers be driven off the land. They will resettle in the cities where they will be the last to be hired and the first to be fired." That is the direction in which government policies are heading.

A bill of complaint has been introduced by the leader of the New Democratic Party. My leader elaborated on it and in the limited time available to me I hope to make one or two comments about it. I submit that there is no communication between this government and our farmers. There is absolutely none.

Mr. Olson: Nonsense.

Mr. Baldwin: We ought to have in this country machinery through which farmers can communicate with the government in order that they may learn what ought to be done in solving farm problems. We do not have such machinery. In fact, we get absolutely nothing save silly speeches in which the minister talks about long term solutions.

Mr. Olson: The hon. member has hit a new low.

Mr. Baldwin: Why have we failed to sell wheat to other countries? The other day I asked the Minister of Industry, Trade and Commerce (Mr. Pepin) a question about wheat sales made by France. As a result of benefits accruing to that country from the variable import levies on agricultural products in the common market, France was able to enter into agreements with China and other countries and sell them wheat. And what did our minister say to that? He said, "I made a speech in Paris and I hope the French government heard about it." That answer means absolutely nothing. The Minister of Industry, Trade and Commerce is a very amiable fellow, but I do not think he knows the front end of a wheat kernel from the back end of a cod fish. That is his trouble, and that is one problem our farmers are stuck with.

Mr. Stanfield: All the same, he is a very nice fellow.

Mr. Baldwin: We must consider other bills of complaint against this government. May I, Mr. Speaker, read a telegram that comes from my area in the northern part of Alberta, an area extending over some 100,000 square miles in which there are, if one includes those lands east of the Rocky Mountains in British Columbia, approximately 90,000 people who live from agriculture. I received this wire today and I wish to read it into the record. It is addressed to me and reads:

> Re grain situation at Falher Alberta present grain stocks estimated at 1,750,000 bushels from 1968 harvest plus fifty thousand left over from previous harvests totalling 1,800,000 bushels. Since August first 1968 to May thirty first 1969 450 cars shipped representing one million thirty thousand bushels from this point. Number of cars required to fill the three bushel quota estimated at 200. To meet the financial needs of this immediate area a six bushel quota is a minimum requirement 300 CA cars are needed to move this grain similar requirements are needed for other shipping points in this region. During May we lost 230 shipping orders due to the inavailability of cars which represents 25 per cent of grain on hand. Damp and wet grain has not been a problem in this area due to favourable harvesting weather and a high percentage of grain dryers to number of farmers. Due to the inability to sell grain farmers financial obligations have reached the point where they are compelled to refinance at interest rates up to 28 per cent. Furthermore they have to meet their current expenses and taxes. Economy of this area has deteriorated to such a stage that some businesses have already been forced to close. Farmers were consequently forced to seek their own grain market. A feed grain market was found in British Columbia, where a good supply of grain cars is available. Example one elevator at Pouce Coupe B.C. loaded forty six cars in January as compared to thirteen at Falher amongst five elevators (the weather was just as cold then at that point, as at Falher) we fail to understand why these cars could not have been better distributed for which local elevators had ample

shipping orders. Farmers are forced to barter grain for machinery and other goods which are not always needed, in order to establish contact and eventually sell grain for some cash. Furthermore the price is rapidly decreasing. Example feed barley now being sold at fifty cents per bushel as compared to seventy seven cents approximately a month ago. Hauling cost no less than twenty cents per bushels for this 300 to 400 mile round trip.

That is from Falher to Dawson City.

When honest people are forced to use illegal means to dispose of their products for their livelihood, it is time for authorities to take action. You have already been informed of our demand for a meeting next week of federal and provincial ministers and other officials. This meeting must take place. Area cash payments may provide temporary relief but will not solve the major problem. Grain cars required must be provided. There is an acute shortage of farm storage facilities for the coming crop. Permission must be sought to fill feed grain requirements in all of Canada. The situation is so critical that physical violence is being contemplated.

It is signed, "R. E. Charbonneau, Falher Chamber of Commerce, President."

The community of Fahler is comprised of many who came to the Peace River area from Quebec. They are good farmers who recognized in early days problems associated with the growing and marketing of wheat. Some of them have gone into seed production, others into honey production and still others cultivate oil seeds. They have done all they can, and in so many words they now say the ball lies in the court of the government. They want to know what the government is going to do about it. I extend this invitation to the minister and to the Minister of Industry, Trade and Commerce (Mr. Pepin) to come with me to this meeting when it is held, and there answer the very legitimate and reasonable questions which the farmers of that community feel they must raise with the government.

• (5:10 p.m.)

It is not good enough for the minister to say that the government seeks only long-term solutions. Other governments went beyond that. The government which was under the leadership of the right hon. member for Prince Albert (Mr. Diefenbaker), during an equally critical situation, was able to find ways and means of dealing with such a problem. We had a problem with regard to the raising of rapeseed. A number of private members on this side of the house banded together and sought a hearing before the Board of Transport Commissioners. They brought legitimate pressure to bear upon the government, upon the Department of Agriculture and the Department of Trade and Commerce. The result was that the government was persuaded to change the Railway Act to permit rapeseed to be classified as a grain. Rapeseed has now reached the stage where it is considered to be a fairly major product in the agricultural industry of western Canada. It is getting increasing attention overseas and in the domestic market.

When I asked the minister what the government was going to do about the debt load that farmers are bearing, in a situation so desperate that action is being taken by machinery companies and other creditors to force farmers to unload and get out of farming, and with action being taken to foreclose mortgages on land, he replied, "Well, we told the Farm Credit Board to look sympathetically on requests for deferment." I challenge that statement. A previous Conservative government back in 1934 was able to find a solution for this problem. I am not suggesting that the government revive the Farmers' Creditors Arrangement Act but I am pointing out that a government with ingenuity, knowledge and determination found a way of grappling with this problem. If the present government had the intestinal fortitude it could do the same thing.

The trouble is that the government does not care. It has washed the people of western Canada out of its mind. It has no real interest in them. There is no question about that at all. This applies particularly to the agricultural community in western Canada. This is a shocking and shameful thing for a government that has been in power for so long to do.

Mr. John Burton (Regina East): Mr. Speaker, nothing could better demonstrate the merit of the suggestion made by my leader, the leader of the New Democratic Party (Mr. Douglas), and the Leader of the Opposition (Mr. Stanfield) that the Minister of Agriculture (Mr. Olson) should resign than the speech we have just heard from him. That speech was one of procrastination, indecision and confusion. It was a speech of procrastination because once again the minister adopted an attitude of wait and see. That is exactly what he said last fall. Now, he tries to state that because the farmers somehow managed to deal with a big part of the problem last fall, with a great deal more effort on the part of the individual farmer and the agricultural economy in total than was necessary, there is now no need for action. It was a speech of

indecision because the minister outlined all of the things that should go into determining a solution, but he was not able to come up with any solutions or recommendations for action.

Finally, Mr. Speaker, it was a speech of confusion. First of all he misinterpreted some of the remarks and suggestions made by my leader. For instance, he said that to resign, as was suggested by my leader, would be to abdicate his responsibilities. I suggest that my leader, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), suggested that the minister should resign because he has abdicated his responsibilities. It is time we had some action, otherwise there is no other course open to the minister.

Then, the minister took it upon himself to recite a list of items that he said the government had carried out in order to assist the agricultural industry. He described these as transitional help, as first aid to the agricultural industry. In my view the list that the minister presented to the house was more in the nature of a recitation of a litany associated with last rites. If he suggests that this in any way is dealing with the problem, I am afraid he is badly mistaken.

I do not intend to go over all the points he mentioned, but I do wish to refer to a few of them in order to illustrate the barrenness of the approach by the minister. He suggested that the P.F.R.A. and crop insurance payments made this year were part of the first aid program. But, Mr. Speaker, those are programs that are in existence, and for the most part, they merely give out money paid in by the farmers themselves. They are programs that are necessary, but these are not programs designed to deal with the problems we have at the present time.

The minister suggested that the authorities were entertaining applications for deferment of repayment of Farm Credit Corporation loans. This is certainly necessary in view of the inaction of the government. The minister may think he can fool some of the members of this house but I assure him he cannot fool the farmers. They are certainly not going to believe that sort of proposition.

Finally, he suggested that the three bushel over delivery quota introduced last fall was part of the program of assistance to agriculture. This is the final straw, Mr. Speaker. This statement is in direct contradiction to statements made in this house by the Minister of Industry, Trade and Commerce when he admitted that an error was made in the way in which that program was introduced. This error, in great measure, accounted for the problems experienced by western agriculture over the last few months. Now, we have the minister, thrashing about in the dark, presenting this particular item as one of the things done by the government to solve the serious agricultural situation in the west.

The Liberal government's handling of agricultural problems over the last year can be summed up in two points. The first is that there has been the greatest combination of bungling and mismanagement ever witnessed in the conduct of agricultural affairs. The second is that the government's refusal to take action up to this time to relieve the economic crisis facing western farmers represents a striking example of callous indifference on the part of government. Federal Liberal failure to take action on the western farm crisis has brought the prairie agricultural economy to the verge of bankruptcy. Lack of price supports, ineffective marketing policies, and bungling of the damp grain situation represent the greatest combination of errors ever committed by a Canadian government in so short a time on a major problem.

There is no need to review in detail at this time the story of the handling of the damp grain situation. Suffice it to say that from the start of the session last September the government adopted a wait and see attitude. Then, when it became clear that something had to be done, the government panicked and steps were taken to introduce a three bushel over delivery quota for damp grain. It is now commonly acknowledged that this was a bad error. No assistance was provided by the government in meeting this emergency. Now the government claims that the problem is gone. It reminds me of the phrase used in discussing some problems, "In the long run the problem will be solved." In the same way, Mr. Speaker, in the long run we are all dead.

Similarly, the government closed its eyes to the transportation problem as it developed. Despite repeated warnings in this house and from farm organizations the government twiddled its thumbs and said that everything was going all right. As long ago as last December 12, Saskatchewan Wheat Pool directors pointed out:

> There is a danger that the system carrying grain from the prairies to the terminal elevators will be clogged up very badly with out of condition grain, thus Canada may not be able to meet some of its export commitments requiring shipment of dry grain.

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• (5:20 p.m.)

The transportation story is now known. It is difficult to say how many bushels of export sales were lost through the government's mishandling of this situation. The government has continued to dawdle in developing more aggressive marketing policies. The situation was noted by the agriculture committee of the House of Commons after its western tour when it recommended that more aggressive sales policies be adopted by both the Canadian Wheat Board and the government of Canada. It is important to note the reference to the government of Canada. For some time the federal Liberal government has attempted to wash its hands of responsibilities for grain marketing. This is impossible in the present world trading situation. Now, it is apparent that export sales during the current crop year will be no higher and will possibly be lower than during the last crop year. This is certainly a far cry from the 1.3 billion bushels of export sales that the Prime Minister, indicated last year would be made during the next three years. This represents 430 million bushels per year of export sales in addition to the approximately 150 million bushels per year for domestic consumption.

These factors, together with some factors which are beyond the control of government, have combined to produce a serious financial and economic crisis for farmers in western Canada. It should be noted that this crisis affects all farmers concerned with the raising of grain. Regardless of whether a farmer is engaged in a mixed grain-livestock operation or whether he engages in grain production solely, he finds himself in a crisis situation which requires urgent, national attention. It is now estimated that farm cash receipts in the current crop year could be as much as 33 per cent below the last crop year. Farm income from wheat sales will probably be about $660 million this year, compared with $984 million last year. On the other hand, farm costs have continued to rise. In January 1969 the index of farm production costs for western Canada stood at 375.8 basis 1935-39 equals 100. This is almost 19 points or 5.3 per cent higher than the index in January 1968. Judging from the government's inept policies in developing its Prices and Incomes Commission, there is little likelihood that this trend will be stopped in the near future.

In the face of these facts, I consider the government's failure to provide any assistance to agriculture in the budget is a national disaster. The government provided for a $250 million surplus in government accounts —$575 million in terms of the true effect of the budget on the economy. None of this money was made available to relieve the critical situation facing agriculture, western agriculture in particular. The government's budgetary policy in this regard is economic nonsense. If it were just nonsense, it would not be so bad. The trouble is that it is disastrous and will contribute to the economic ruin of thousands of farmers. The government correctly decided that it should be selective in making changes in capital cost allowances. These changes will apply to those sections of the country where inflationary pressures are the greatest. Why did it not take steps to assist the situation on the prairie provinces, where inflationary pressures are for the most part non-existent. In fact the opposite situation prevails. The economic slack resulting from the agricultural situation has become a matter of national concern. Low quotas, reduced prices and special costs arising from the damp grain situation have reduced the purchasing power of agriculture to a low level not seen since the days of the senile Liberal government of the mid 1950's.

It is for these reasons that I particularly wish to congratulate the leader of my party, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) for introducing this motion in order to point up the urgency of government action to deal with the critical cash position facing western farmers. This motion has the full support of all members of the New Democratic party, coming as they do from various regions of Canada. My colleagues in the New Democratic party support this motion because they realize that an urgent problem exists on the prairies, and they can see the effects of the problem on other regions of Canada.

Numerous proposals have been placed before the government to deal with the situation. My colleague the hon. member for Saskatoon-Biggar (Mr. Gleave) made a proposal that a deficiency payment of 20 cents per bushel should be paid on wheat deliveries during the last crop year. He also proposed a maximum level and noted that supplementary steps could be taken to assist producers of coarse grains. Similarly, steps could be taken to ensure all full time farmers a minimum level of return from such a payment. Other proposals have been made by the Canadian Federation of Agriculture and the National Farmers Union. While there have been differences in the method of payment suggested all

of these proposals have one thing in common that is a recognition of the urgent need to get cash into the hands of farmers in western Canada. This is the point that is stressed in the motion now before the house.

Members of the house should be aware of just how serious the situation is. I have just returned from three days in my constituency where I had the opportunity of talking to many farmers. I was told of several cases where farmers were unable to finish their summerfallow work because they could not purchase the necessary gas for the tractor. I was in the village of Leslie last week where the board of directors of the local co-operative association had just decided to place all purchases in a cash basis. They had no choice. They had to have cash to pay their accounts because otherwise they would be placed on a c.o.d. basis. They knew farmers were not holding out in paying their accounts. Credit unions in many communities find that their cash reserve position is not good even after drawing on a line of credit. Banks and credit unions find that many of their borrowers have borrowed to the limit in order to keep farm operations going. Last week news broadcasts reported a case where a farmer had $20,000 worth of grain stored on his farm but his electric power was cut off because he did not have the cash to pay the bills.

The quota situation on grain deliveries continues to drag badly. Not long ago, indications were that a 6 bushel quota might be in sight. A few weeks ago this prospect was reduced to a 5 bushel quota. Now, I understand that the Minister of Agriculture recognizes that a full 5 bushel quota will not be delivered by the end of the crop year. Farmers recognized this fact some weeks ago and I am glad the minister has now recognized it. On Friday last, I asked the Minister of Industry, Trade and Commerce (Mr. Pepin) about continuing inequities in grain delivery quotas. Had it not been that I had recent contact with the communities still on a low delivery quota, I would have been shocked by the minister's reply. He reported that 4 delivery points on that date were still on a unit quota. There were 19 stations on a one bushel quota and 204 delivery points on a 2 bushel quota. The minister also reported that there were 579 points on a 3 bushel quota, 664 on a 4 bushel quota and 347 points on a 5 bushel delivery quota. The minister went on to state that he was assured by the chief commissioner that his hopes are still very high that all stations will be on a 5 bushel quota by the end of the crop year.

I suggest that even if all points are on a 5 bushel quota this will be quite meaningless as it is abundantly clear farmers will be unable to deliver a 5 bushel quota. I urge the minister at the very least to make sure that delivery quotas are equitable. Emphasis needs to be placed on those points with the lowest delivery quotas. Even when quotas are increased to 1, 2 or 3 bushels, it means very little in many cases in terms of more grain deliveries. This is because the grain delivered last fall and winter on the damp grain quota counts on the new delivery quotas. Regardless of the exact outcome of grain deliveries, there is no question that a 5 or 6 bushel delivery quota is inadequate to meet farm operating expenses. There are many farm management studies available to support this statement.

Furthermore, the situation is going to get worse. There is no prospect yet of an improvement in the grain marketing situation. When the new crop year commences on August 1 many farmers will find that grain deliveries have been insufficient to repay the cash advance for 1968-69 and consequently they will qualify for a greatly reduced cash advance for 1969-70. A continuation of slow grain deliveries, together with a further drop in the final payment on the 1968-69 crop to an insignificant level, will place many farmers in an impossible position. At this moment, many farmers do not know how they are going to finance harvest operations.

• (5:30 p.m.)

Like a creeping paralysis, the effects of this situation are gradually spreading to other sectors of the economy. Towns and villages servicing the immediate needs of agriculture were the first to feel the pinch. Many small businessmen are in a desperate position. Employment in these centers is now very slack. The situation has extended to larger urban centres. In the city of Regina, a serious employment problem is emerging. Retail sales in Saskatchewan, I understand, are now running about 15 per cent below last year's already slack level. I suggest the effects of this crisis are now being felt in other parts of Canada as well.

The critical, urgent need at this time is for a massive injection of cash into the western farm economy. Both the Canadian Federation of Agriculture and the National Farmers'

Union have made this clear. Considered estimates of the immediate need range in the area of $150 million to $200 million. Various proposals have been put forward as to how payment might be made. I have already mentioned the proposal made by my colleague, the hon. member for Saskatoon-Biggar (Mr. Gleave), for a supplementary payment of 20 cents per bushel based on 1967-68 deliveries.

Failure on the part of the government to act now and to develop an adequate program for dealing with the situation will result in disaster for many thousands of farmers and will set back the prairie economy, together with the economy of Canada, in a way that it will take years to recover. Tinkering with gimmicks or small programs will be of no help. A major program is essential. The agriculture committee of the House of Commons recognized the problem after its western tour. Among its recommendations is the following:

> Your committee further recommends to the government the advisability of measures for alleviating the critical cash position of farmers in the predominantly grain growing areas of western Canada.

I don't know what further recommendations are needed to get the government to move. As a result of representations made to the government by farm organizations, by members of this house and by others, I gather the government is now looking at some possibilities. The Minister of Agriculture (Mr. Olson) has let it be known that he is considering a number of proposals. It was suggested to me that he has become the minister of "might be". Possibly he might find a role in a production of "Alice in Wonderland."

The minister said there might be a two price system. There might be some hope for this proposal because it will not cost the government anything. He said there might be some sort of price guarantee. It appears that there is little prospect for this proposal.

Mr. Deputy Speaker: Order, please. I am sorry to interrupt the hon. member but his time has expired.

Mr. Burton: Mr. Speaker, I just need a minute or two to finish.

Mr. Deputy Speaker: Does the hon. member have the unanimous consent of the house to continue.

Some hon. Members: Agreed.

Mr. Burton: I wish to thank the house for its courtesy.

[Mr. Burton.]

The minister said there might be some help for farmers who could not deliver a five bushel quota—big deal! This will only allow a farmer to go broke at a little slower rate. One thing is clear; the government is delaying any announcements until it considers they will be too late to give any assistance on 1967-68 crop deliveries. If this is the type of tinkering and fiddling the minister and the government are going to engage in, I suggest the Minister of Agriculture should resign and he can pick his reasons. If he is only going to recommend to his colleagues tinkering, fiddling proposals, then he has no understanding of the situation. If he has in fact recommended substantial programs to his colleagues and had them rejected, then I would suggest that any Minister of Agriculture with any self respect would resign from a government that takes such a callous attitude.

If the Liberal government continues with its present callous and stubborn attitude, it will go down in history as the government responsible for the final destruction of a viable agricultural industry which is vital to the welfare of the Canadian economy, and which is capable of making a significant contribution to the social and economic life of Canada.

Mr. Ross Whicher (Bruce): Mr. Speaker, as a member of the agriculture committee of the House of Commons who has had the opportunity in the last couple of months of travelling from the west right through to the east coast, I feel it is my obligation to say something here this afternoon about the agricultural situation as I see it in Canada and, more particularly, in the western part. The motion deals with the so-called plight of the agricultural industry in the Western provinces.

Let me say I feel somewhat guilty in that it seems we have discussed the wheat and grain problem here much more often than we have discussed the problems connected with some of the agriculture products grown in my own province of Ontario and in the eastern provinces. Before I carry on, I should like to impress upon the Minister of Agriculture (Mr. Olson) that all is not right with other products in the agricultural world here in Canada. Much could be done and must be done if we are going to keep this great agricultural industry of ours viable in order that the farmers across the country can attain at least the standard of living that people in other parts of the economy enjoy.

As an example, in the past few months certain things have happened in respect of other parts of our agricultural industry.

There has been a reduction in milk subsidies and a reduction in the premium paid to hog producers in Canada. This has an effect on the economy, and it affects my own area as well as the province of Quebec more particularly than western provinces.

Let me go on record here in the House of Commons, as I have in other places, by saying that I am absolutely against such policies by this government. It is inconceivable to me that these things should be cut when other sectors of our economy are getting more and more all the time and when the farmer is paying his share in order that these other people in our economy get what is rightfully theirs. It is not fair that the agricultural industry has to take the brunt of this situation by continually paying more and, in many instances, receiving less and less.

This afternoon we are dealing with a motion put forward by the leader of the New Democratic Party regarding the grain situation or, as he put it, the critical cash position of the farmers in western Canada. Along with other members of the agriculture committee, I was in the west a few weeks ago. At that time I had the opportunity as an easterner, for the first time, to see exactly how the farmers of western Canada carry on their everyday business.

While we saw conditions in Alberta and Manitoba, and we were in each of the provinces for at least two days, it was in the province of Saskatchewan that we really saw the situation of the ordinary farmer, and the problems he is up against. The committee was divided into a number of groups. I was paired with a Conservative member. The members of the Saskatchewan Wheat Pool took us from farm to farm. We saw many farms each day. These farmers opened their books to us and we saw their financial circumstances. The financial circumstances I saw were not at all good.

The first farm we went to had about 40,000 bushels of wheat left on hand. The farmer had wheat left which was 2½ years old. He had not sold his crop from two years ago, nor had he sold last year's crop. He told us, and I believe truthfully, that he was absolutely up against it because he had used up all his credit and did not have any money left. He said he had enough money for seed grain and gasoline to put in this year's crop but did not know what he was going to do with it when he harvested it this fall. He had no idea what was to happen.

Similar situations were revealed to us by other farmers. Is this the farmer's fault? Can we expect the wheat farmers in western Canada to act the same as other farmers in Canada who have other products such as milk, beef, tobacco and so forth? The answer is no, we cannot expect them to handle their crops in the same way, because much of our wheat crop in Canada must be exported. It is inconceivable to me, or anyone else for that matter, that the little farmer in Saskatchewan, Alberta, or Manitoba can sell his wheat to China, Cuba, Hungary, England or wherever it may be. Obviously, he must have somebody to dispose of the wheat for him. I understand that for this reason the Canadian Wheat Board came into being many years ago. Because of what I have learned from the farmers of western Canada, the politicians of western Canada who represent them, and the Wheat Board officials who appeared before us on at least two occasions, I regard the members of the Wheat Board as very sincere men who are doing their best for the wheat and grain farmers of western Canada. I think that within reason they have been very successful.

• (5:40 p.m.)

There are on the Wheat Board some very fine men. Mr. McNamara, the chairman of the board, answers questions in a very intelligent way. I do not agree with some of the answers he gives, but nevertheless he has in a most co-operative way tried to describe to us the policy of the Wheat Board and the government of Canada and what we are doing to help the western Canadian farmer.

I mention the Wheat Board, Mr. Speaker, because if it is not the fault of the little farmer in Saskatchewan, Alberta and Manitoba that he cannot dispose of his grain to a foreign agent, and obviously he cannot by himself, whose fault is it? I say with all due respect to the powers that be in this country that it is either the fault of the Canadian Wheat Board, which represents the farmers, or of the government which appointed the Wheat Board in the first place.

If I may digress for a moment, Mr. Speaker, I would inform the house that I read in the financial pages of one of today's newspapers that there had been a new appointment to the Wheat Board, namely, the president of the Saskatchewan wheat pool. I understand that this gentleman is a farmer with undoubted ability. I hope he will be able to instil new ideas and life into that board so we may dispose of the surplus we have on hand at the present time.

Alleged Failure to Aid Western Farmers

I have on numerous occasions heard officials of the Wheat Board, the government and other people bemoaning the fact that the world market for wheat is in bad shape and this is the reason Canadian exports are now less than they were some years ago. I ask you, sir, to consider the figures contained in the annual report of the Canadian Wheat Board for 1967-68. It is true that the exporting nations of the world sold less wheat in 1967-68 than they did in 1966-67; they sold 1,748 million last year, and the year before they sold 1,891 million bushels.

Let us look at some of the main countries which export wheat and see just where we stand percentagewise with the rest of the world. These are the facts: in 1966-67 the United States exported 742 million bushels of wheat; last year they increased their sales to 753 million bushels. Australia in 1966-67 sold 257 million bushels of wheat, and last year they dropped to 255 million bushels. This is a difference of only two million bushels. In 1966-67 France sold 113 million bushels, and last year they increased their sales to 153 million bushels. The U.S.S.R. sold 152 million bushels in 1966-67, and last year they sold 201 million bushels.

These figures are taken from the annual report of the Canadian Wheat Board, and no official can get around them. The fact is that the only country which failed to dispose of its wheat last year was Canada. Canada last year sold 336 million bushels of wheat, and the year before we sold 515 million bushels. When I talked to the officials of the Wheat Board they pointed out that the United States is in a give-away situation; they give food away and make deals with the rest of the world for the disposal of their wheat. I ask, Mr. Speaker: Is there not the word "deal" in the French and English languages? Cannot we in Canada make deals so that we may also dispose of our wheat?

I say these things, Mr. Speaker, although it is not the nicest thing for me to stand up as a member of the government party and make the comments I have been making. But when I was in Saskatchewan I visited farm after farm, just as I did when I was in eastern Canada, and talked about the disposal of milk, hogs, or whatever it may be. At that time I gave the farmers my word that when I came back to Ottawa I would place these facts before the government. I want to be able to look at myself in the mirror tomorrow morning when I am shaving and say that I kept my promise to these people, regardless of where the chips fall.

[Mr Whicher.]

Some hon. Members: Hear, hear.

Mr. Whicher: I have tried to be fair to the Canadian Wheat Board. I have placed before the house the opinions I gained from the farmers of western Canada. I impress upon the government that in order to sell commodities in the world market today, no matter whether it be newsprint, wool, nickel, wheat or milk, there is only one way in which it can be done—you have to get out and meet your customers, not only those to whom you have sold in the past but those to whom you hope to sell in the future.

With all due respect to the Canadian Wheat Board and the government of the day, all one has to do is read the figures contained in the annual report of the Wheat Board to realize that the year before last Canada sold wheat to 118 countries, and last year we sold it to only 36 countries. In other words, we did not go back and see 82 countries and try to sell them our wheat. We did not go back and say to them, for example: Were our transportation facilities adequate? Was the quality of our grain high enough? Was the price okay? Is there anything we can do for you? How about coming out with us for dinner? This is the way business is done today. It is the only way you will sell milk, wheat, nickel, newsprint or anything else. You must have the ability to say "Hello"; you must have the ability to make a deal.

We visited the province of Quebec and what I believe to be one of the largest powdered milk producing plants in Canada. When talking with the chief salesman of that large organization he pointed out that he travelled all over the world selling powdered milk. He also pointed out that when a person wanted to make a substantial sale he sometimes had to bestow favours upon the prospective buyer. This happens in private life all the time. It happens every day of the week as far as salesmen south of the border are concerned. They are professionals at it. Those professionals last year increased the sale of wheat in the United States by 11 million bushels. Their sales were not reduced as ours were. Therefore I suggest that in some respects we should copy our friends to the south.

• (5:50 p.m.)

The alarming situation as far as the United States is concerned is that this country is our chief opposition in the selling of wheat in the

markets of the world. The fact is that the communist countries of the world would rather starve to death than buy wheat from the United States. Can you imagine Communist China buying wheat from the United States? I tell you that they did not buy it anyway. Can you imagine Cuba buying wheat from the U.S.? I tell you they did not buy any, and neither did the U.S.S.R. The unfortunate fact, as I see it, taken right out of the report of the Canadian Wheat Board, is that last year, with the exclusion of the communist nations to whom we sold a substantial amount of wheat, we sold only 27 per cent as much wheat to the free world as did our friends to the south. There are many things which make us want to take off our hats to our American friends. I want to tell you that I am one of their great admirers, but I am not willing to sit in my place in the House of Commons or in the business world and accept the fact that they are better salesmen than we are. The only solution is to go out and sell. We can adopt all the solutions that have been proposed here this afternoon, and all the suggestions about what should be done in order to help our western friends, but when you get right down to the brass tacks you realize that the only thing that must be done is to go out and sell this wheat.

It was suggested to me by some members of the Wheat Board that in order to sell substantial amounts of wheat to some of the countries of the world certain deals have to be made by the government. Perhaps long term credit arrangements have to be made. Perhaps we have to accept foreign currency, as I believe was the case when our Chinese friends bought wheat from us and paid us in pounds sterling. Perhaps in order to sell to Japan we should take Japanese money and in order to sell to Indian we should take Indian money. I am a complete amateur so far as these things are concerned, but the government has all kinds of professionals who know about these matters. I humbly suggest that the leaders of our government sit down with members of the Wheat Board and ask them exactly what they need in the form of credit or monetary assistance, or whatever it may be, in order to dispose of this huge amount of grain.

The Leader of the New Democratic party (Mr. Douglas) was quite correct this afternoon when he pointed out that the amount of food per capita in the world today is smaller than it was in 1939. I am not one who is willing to sit down and not make every effort possible, and when I say every effort I mean all that I have. I feel sure that the criticisms that have been levelled at the Minister of Agriculture (Mr. Olson) today will not insult him. He is obviously used to criticisms and, like a real professional, he knows how to take them. Some of the things that have been said about him will not hurt him. I honestly believe that the Minister of Agriculture is doing his very best for the western farmers, and I suspect that some of the members across the way who are in the high priced seats have not accepted the story he has attempted to tell them.

This afternoon he told us of the many things that have been done for western farmers. Cash advances have been doubled to $151 million; the temporary Wheat Reserve Act has been implemented amounting to another $55 million; there has been an accelerated depreciation, and cash advances have been made by the P.F.F.A. as well as assistance from the Farm Credit Corporation; amendments have also been made to the Farm Improvement Loans Act; there has been a substantial promotion in sales by the Wheat Board. I am certainly glad to hear that because it had not come to my attention previously. As a matter of fact, I cannot see anything about it in the supplementary report of the Wheat Board and I would be very pleased to have it pointed out to me that there were substantial promotional sales made by the Wheat Board. The other things the government has done are crop insurance support, food aid, etc. I say most humbly through you, Mr. Speaker, to the Minister of Agriculture that he is to be commended for all this. However, I have been told by farmers in western Canada, members of chambers of commerce, managers of banks and witnesses before the committee of the house that the credit of these farmers has been used up to the nth degree and they simply have no more.

Therefore, I say to the Minister of Agriculture most respectfully that these good things that he has done are simply not enough. If agriculture in western Canada is to be saved, something must be done now. I ask you, Mr. Speaker, what is wrong with a two price system for wheat in Canada? If the government does not know anything about the two price system, let them ask about the price of milk in Canada. There is a two price system. Let the Minister of Agriculture ask about the price of cars in Canada. In Oakville cars are manufactured and sold for more than the same cars are sold in Detroit. That is a two

price system. The country is full of two price systems. The only exception in force applies to the wheat and grain farmers of western Canada. Having listened to the minister, and from my own knowledge of him, I am sure he has brought this matter to the attention of his colleagues in the cabinet. I ask him to keep on screaming as loud as he can because these people need assistance.

In conclusion I wish to emphasize that so far as the long term situation of grain farming or of dairying is concerned, the first thing we have to do is to go out and sell. It is simply not good enough for us to sell only 27 per cent as much as the United States. We have to be more militant and we have to go out and sell. But for the immediate future I ask the minister to bring forth something for these people. As I hope is well known in this house, personally I am against subsidies from A to Z right down the line. However, so long as we subsidize gold mines and the automobile industry in Canada, it is only right and just that the agricultural industry get its full share.

Mr. Deputy Speaker: It being six o'clock I do now leave the Chair until 8 p.m.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. J. H. Horner (Crowfoot): Mr. Speaker, I am somewhat eager to take part in this debate, partly because it concerns a subject dear to my heart. The motion before the house reads:

> That this house condemns the government for its failure to take steps to relieve the critical cash position of farmers in western Canada.

I was greatly disappointed in the speech made by the Minister of Agriculture (Mr. Olson) this afternoon. The hon. gentleman spelled out a number of things which, he said, the government was presently doing, but he really did not tell us what, if anything, the government was proposing to do; he did not indicate that the government was even thinking of doing anything. He simply listed 12 things the government had done.

Mr. Olson: Things which were helpful.

Mr. Horner: He said the government had done 12 things which were helpful. I do not wish to misinterpret the minister and if he wishes to make any observations he is welcome to do so.

Mr. Olson: I appreciate that. I listed 12 things which were being done in accordance with government policy, programs which are helpful to farmers. But I did not say the government had initiated all of them in the past year.

Mr. Horner: Fine. The minister spelled out 12 programs which were being carried out but he did not say they were all initiated by this government. My point is that he did not state what the government intends to do, if anything, and this is what concerns western farmers, taking account of the cash position in which they find themselves today. He did mention a number of criteria into which solutions must fit. He said they must not aggravate the problem. Second, they must help those who needed help the most. Third, they must fit into a long term program for agriculture. He also told us that the basic difficulty was in marketing and that in the marketing of our products we must consider the effects of the international situation. He ended his summary by saying: "At this time the problem is in the ground." Well, that is a nice place to put it.

Mr. Olson: I did not say that.

Mr. Horner: We have heard of ostriches burying their heads in the sand but I never heard a minister of agriculture say the problem was in the ground.

Mr. Olson: You did not hear it today, either.

Mr. Horner: I should like to deal with the minister's speech and refer to some of the things which should be done by the government if it is really interested in helping farmers. In listing the 12 programs which are already in effect, the minister told us that under the cash advance legislation $151 million had been made available. Mr. Speaker, this is money which has to be paid back by the farmers and it will be paid back by them as they deliver their grain. We should remember, though, that in this connection the minister also said that some $90 million of this $151 million would still be outstanding at the end of July, 1969; a little more than a month from now, and it will be carried over to next year. What could better substantiate the argument advanced by members of the N.D.P. that the government has failed to take

steps to relieve the critical cash position of western farmers? What better to substantiate my argument than to draw attention to the fact that of $151 million advanced to the farmers by the end of the 1968-69 crop year, $90 million is still outstanding and not repaid?

• (8:10 p.m.)

Mr. Olson: I did not say that.

Mr. Horner: If the minister has a comment to make perhaps he will rise in his place and make it. He suggests that I am misinterpreting his remarks. *Hansard* will prove whether or not this is so.

Mr. Olson: I will be pleased to correct the hon. gentleman.

Mr. Horner: The minister said in his speech that there is reasonable ground for believing that $90 million is outstanding.

Mr. Olson: Outstanding now; I did not say at the end of July. What the hon. gentleman asked me was how much is outstanding now, and I replied I could not say with precision but that I would guess about $90 million at this date.

Mr. Horner: Yes, at this date is exactly what I said.

Mr. Pepin: No; you said as at the end of the crop year.

Mr. Horner: I said at the end of the crop year there would be $90 million outstanding. If there is $90 million outstanding today there will be $90 million, or approximately $90 million, outstanding at the end of July, 1969. I would ask the new Minister of Industry, Trade and Commerce (Mr. Pepin), who is also new to this debate, to stand up and say whether $90 million is outstanding today, and how much less will be outstanding at the end of July, 1969.

Mr. Pepin: Mr. Speaker, the Minister of Agriculture could give an estimate of how much will be outstanding.

Mr. Horner: I want to hear how much is going to be paid off. I ask that question of the Minister of Agriculture (Mr. Olson) and I will sit down because I want to hear his answer.

Mr. Olson: One-half of the gross value of the grain delivered between now and then.

Mr. Horner: I have heard a lot of waffling, but that takes the cake. The minister says one-half of what might be delivered. Who better knows what might be delivered than the two ministers who are supposed to be interested in western agriculture? There is a critical cash shortage in western Canada, as the motion states. The government has admitted $90 million is outstanding to date. I say there will be very nearly $90 million outstanding on July 31, 1969. No minister has denied that remark.

Let me take a look at what can and should be done to benefit western farmers through the means of a long range program if only the government had the initiative to deal with the problems confronting western Canada. There has been talk of a 20 cents a bushel payment on grain delivered last year. Under the three criteria set down by the Minister of Agriculture such a payment would well qualify. However, it would not alleviate the problems that exist today, though it would help those who need help the most. Such a payment might well fit into a long term program for the general welfare of Canadian farmers, particularly the wheat farmers.

Let me also take a look at the two price system on which the minister has been waffling. What does the Canadian Wheat Board think of a two price system? I should like to quote from the proceedings of the Standing Committee on Agriculture, report No. 41, for Wednesday, May 28, at page 1625, and in particular the remarks of Mr. McNamara, the Chairman of the Wheat Board, with regard to a two price system. I asked Mr. McNamara:

> I wonder, Mr. McNamara, if you could give us some idea of the difficulty you might run into if Canada did adopt a two-price system. In a sense, France is operating today on a two-price system, perhaps not clearly visible to most people, but I think the principle is established there. What difficulties would you run into in the international field if we were to adopt the two-price system?

That is putting it pretty bluntly but clearly to the Chairman of the Canadian Wheat Board. In reply he said:

> I do not think there would be any difficulties at all.

I underline the words "at all".

> I have seen some discussion on this and there might be some technical regulations of GATT but if they were difficulties, they have long since been voided by practically every other country in the world.

Again, I underline those words.

> If the Canadian government, the Canadian Parliament, decided to effect the two-price system, it would not affect our operations at all as long as they take our advice how to do it.

I think that is spelling it out very clearly.

Mr. Pepin: It might affect other people's operations, though.

Mr. Horner: I hear some comment from the Minister of Industry, Trade and Commerce. It is a pleasure to see him in the house tonight. He was not here all afternoon but I will be pleased to hear his comments this evening.

Mr. Pepin: I will explain in a moment my reasons for being absent, which are as good as yours.

Mr. Horner: Mr. Speaker, I should like to inform you that these interruptions are very noteworthy. I was on the agriculture committee that toured St. John's, Newfoundland, the bogs of inner Newfoundland, Prince Edward Island, Nova Scotia, spent four days in the province of Quebec, and conducted extensive research into the problems faced by agriculture. I do not know where the Minister of Agriculture was but that is where I was.

Mr. Olson: I am not on the committee.

Mr. Horner: Excuse me; I mean the Minister of Industry, Trade and Commerce.

Mr. Pepin: I went to an advisory council meeting this afternoon.

Mr. Knowles (Winnipeg North Centre): I was here.

The Acting Speaker (Mr. Béchard): Order. I point out to the members that it is not in order to interrupt an hon. member who has the floor.

Mr. Horner: I appreciate your remarks, Mr. Speaker, because my time is very limited. I was quoting the remarks of the Chairman of the Canadian Wheat Board, who continued:

> I mean that it should be a tax on the flour rather than try to police what wheat goes into a mill for this use or that use. Everything that goes into domestic use should be taxed and the mill should get the wheat at the same price and then the government collects whatever the tax is going to be.

So let me clear up once and for all, Mr. Speaker, that there is no problem about instituting a two price system for Canadian wheat. The international market used to question such a system, but today it does not. The Chairman of the Canadian Wheat Board has said that the system could be implemented, that there would be no problem. The onus lies on the Minister of Industry, Trade and Commerce and the Minister of Agriculture to sell the idea to their cabinet colleagues.

The hon. member for Bruce (Mr. Whicher) outlined some of the difficulties he foresaw for western agriculture. I wish both him and the two ministers every success in selling the cabnet on a two price system. I did want to quote a statement to be found in the agriculture committee report to the effect that a two price system would not involve a substantial increase in the price of bread, but I cannot put my finger on the precise page. The Chairman of the Canadian Wheat Board suggested that the price of wheat would increase by $1.20 a bushel, which in turn would mean an increase in the cost of bread of 2 cents a loaf. That should set aside any fear that may be in the mind of the Minister of Consumer and Corporate Affairs (Mr. Basford); and evidence to this effect from the Chairman of the Canadian Wheat Board is to be found in report No. 41 of the committee proceedngs.

Let me turn to what the government can do for agriculture. The Minister of Agriculture stated that no plan will be proceeded with until we are sure it fits into a long term program. Then, he went on boastfully to claim that everything was fine with regard to the livestock position generally, including cattle and hogs. The minister has told us that half the net farm cash proceeds in western Canada came from the sale of cattle and hogs. I ask, did the minister initiate any programs for western farmers before seeding time this spring? Did he make sure that programs would be introduced under which land might lie fallow or might be planted with grass in order to produce livestock? No. The government waited until after seeding time before contemplating action, and it was too late then. We had a brilliant task force that recommended a reduction of 10 million acres in wheat producing acreage. That was a 30 per cent reduction. What happened, Mr. Speaker? Farmers came to me and said, "All right, so this agricultural task force from Ottawa says we should reduce our wheat acreage by 10 million acres. What are we supposed to seed our land with?" The farmers were asking for assistance and advice but did not get any from the government. The Minister of Agriculture failed them, just as he failed to initiate programs of assistance. This is a government that sits on its hands. The government's attitude is, "Let's sit on our hands for another month. By that time it will be too late, and we will not need to assist farmers." In addition to our other problems we now have a problem with a government that sits on its hands and does not help farmers.

• (8:20 p.m.)

It is interesting to note that the N.D.P. has become concerned all of a sudden about western farmers. That party has long been associated with the C.C.F. party, and as I say these words I am looking directly at the leader of the old C.C.F. party. That party was founded when we had the agrarian revolution of the 1930's. The N.D.P. party has completely changed in its aims. The aims of that party are not what the aims of the C.C.F. party were.

Mr. Knowles (Winnipeg North Centre): Nonsense.

Mr. Horner: The N.D.P. party has completely changed—

Mr. Knowles (Winnipeg North Centre): On a point of order, Mr. Speaker. Since the letters N.D.P. mean New Democratic Party, I wonder if the hon. member would confine himself to saying N.D.P. instead of N.D.P. party.

Mr. Asselin: Those letters stand for "no down payment".

Mr. Horner: Mr. Speaker, the hon. member for Winnipeg North Centre is very touchy.

Mr. Knowles (Winnipeg North Centre): Not touchy, just tired of listening to nonsense.

Mr. Horner: Instead of being the party of the public conscience the N.D.P. is a poorly disguised trade union lobby in the House of Commons.

Some hon. Members: Hear, hear.

Mr. Horner: The disguise is poor because the political marriage between the farmer and organized labour unions which these marrying Sams performed—and that remark may apply to the hon. member who interrupted me a moment ago—is the biggest sham on the Canadian scene. Since when have farmers shared a common interest with organized labour unions? How many times have organized labour unions held up the marketing of our farmers' wheat? The Minister of Agricultue has told us that the chief problem confronting our farmers lies in the marketing of wheat or in the marketing of farm products. These marrying Sams prevent the marketing of our farm products.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Bunk, pure bunk.

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Mr. Horner: Is it bunk now? Did not 400 trade union members in Vancouver hold up the marketing of wheat two years ago? Did the unions on the east coast not hold up the marketing of grain for a number of years? Does the hon. member want me to quote from the report of the Standing Committee on Agriculture?

Mr. Douglas (Nanaimo-Cowichan-The Islands): Perhaps the hon. member will find the right page this time.

Mr. Horner: I think I can find it. The Chief Commissioner of the Canadian Wheat Board has suggested that unions have held up no less than 14 different commitments for the sale of grain. That happened two years ago. Members of the N.D.P., in my opinion, are nothing other than lobbyists in this house for the trade union movement. They are controlled by the trade unions. If hon. members do not believe me I ask them to consult the former member for Assiniboia, who at one time was N.D.P. house leader here.

Mr. Douglas (Nanaimo-Cowichan-The Islands): You consult him.

Mr. Horner: I now wish to deal a little more explicitly with problems Canada faces in international markets. The Minister of Agriculture suggested that we had a good thing in the International Grains Agreement and that the best thing Canada could do was get back on the tracks and abide by the terms of that agreement. Is that a correct assessment, I wonder? May I read from the Minutes of Proceedings and Evidence of the Standing Committee on Agriculture, Mr. Speaker.

Mr. Speaker: Order please. I must interrupt the hon. member and bring to the attention of the house that the hon. member's time is exhausted.

Mr. Knowles (Winnipeg North Centre): So are we, but carry on.

Mr. Speaker: Is there unanimous consent for the hon. member to carry on?

Some hon. Members: Agreed.

Mr. Horner: I wish to thank hon. members of the house for their courtesy, Mr. Speaker. I will try to be brief. At page 1663 of the Minutes of Proceedings and Evidence of the Standing Committee on Agriculture Mr. McNamara is reported as having said:

Mr. Chairman, as I mentioned a few minutes ago, under the IWA only No. 1 Northern was a named

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grade, but there was an understanding that all equivalents in other grades should fit in with this. But in the IGA for the first time, as indicated in Table 5, there are a number of named grades, with the minimum and maximum for each particular grade.

It will be remembered that Canada had difficulty in selling some of its other grades of wheat. There was particular difficulty with No. 3. We could not reduce our price for No. 3 because it had been set under the International Grains Agreement although not, I think, under the International Wheat Agreement. It is in this area that France and Australia managed to get the jump on Canada, so to speak, and sell to Japan. I wish to continue reading from page 1664 of the committee report:

Mr. Horner: You also suggested yesterday, Mr. McNamara, that you felt that the old wheat agreement was perhaps better in that it included most of the major exporters, and that under this grains agreement you have a smattering of everybody. Am I right in the sense that more people are involved in the grain agreement than there were in the past?

Mr. McNamara: No; I believe the membership of the IGA is somewhat below the membership of the IWA. The point I was trying to make yesterday, Mr. Horner, was that to me it was unfortunate that the grains agreement was, first of all, negotiated under the auspices of GATT.

That was the first disappointment. I continue quoting:

Mr. Horner: Yes; I agree.

Mr. McNamara: I excluded Russia and some of the other countries that were members of the IWA. It would have been much better, in my opinion, had it been negotiated under the auspices of the old IWA, which would have allowed Russia to be in.

That puts it simply and clearly, Mr. Speaker, and I think all hon. members remember the counsel of the Minister of Industry, Trade and Commerce with respect to the International Grains Agreement.

● (8:30 p.m.)

As recorded at page 1664 I asked Mr. McNamara this question:

Why was it negotiated under GATT? Why was it not negotiated under an International Wheat Agreement?

Mr. McNamara replied:

Because the nations of the world, excluding Russia and a few others who were members of the I.W.A., figured that it could best be negotiated in this new form, particularly the Americans.

The Americans were not interested in quality, yet every report that the Canadian Wheat Board has submitted to Ottawa shows that Canada has always sold its wheat principally on the grounds of quality. We agreed to set up a new International Grains Agreement under GATT. That was Canada's mistake.

I wish to put forward nine programs that the government could launch and which would put cash into the farmers' pockets. The first is the establishment of a two-price system for wheat. Mr. McNamara of the Canadian Wheat Board has said we are fully capable of launching such a system.

My second suggestion, and on this I agree with my hon. friends to the left, is a 20 cent payment on wheat sold last year. This would help those who help the most.

If the government really wanted to help farmers it should have launched another program before seeding time, but even now it may not be too late considering the heavy frost that struck most of Alberta and parts of Saskatchewan just as the new crops were sprouting. Thus my third suggestion is that the government make payments to promote summer fallow and the production of grassland, which might encourage farmers to go into other lines of production.

My fourth suggestion is that a new International Grains Agreement, encompassing all the major importing countries and major exporting countries of wheat, including Russia, be drawn up as soon as possible.

I wish I had time to quote, from the committee proceedings, what Mr. McNamara and Mr. Vogel had to say about barter sales. We still have something like 135 million bushels of outstanding wheat sales to make to Russia under the last three year agreement. Why don't we get to work and offer to take some of their farm machinery or heavy industrial equipment, such as caterpillars, under a barter arrangement in exchange for that wheat, or for a portion of the wheat?

My sixth point is that in the past ten years we have moved substantially into the field of credit sales, and I believe the government could encourage more of these sales.

My seventh point is that Canada has to be realistic with regard to Japanese trade. Recently, we sent a delegation of about five ministers to Japan. They came back with their tails between their legs. That trip cost the Canadian farmers $160,000 for damages to a wheat shipment, damages that really did not occur according to our inspectors. But because the ministers were in such a genial mood they agreed to pay the Japanese this money out of the farmers' pockets. Bearing in mind that we do make substantial sales to communist countries we should make greater

trade concessions to Japan in order to sell more wheat to that country. I presume there have been no further wheat sales to Japan this crop year, and I expect none. Instead of paying the Japanese $160,000 we should have sent them more wheat.

Although the minister suggests that repayment of farm credit loans be deferred, I say this is no real concession or recognition of the problem facing western farmers. Why doesn't he place a moratorium on the interest payable on these loans? By just postponing repayment and allowing the interest to run, the farmers' debts build up. A moratorium on interest payments would help alleviate the cash difficulty of the farmers.

My ninth point, Mr. Speaker, concerns the minister's statement that there has been a substantial increase in sales promotion. Has it not come a little late? We have had difficulty for something like two years in making wheat sales, in fact for something like four years. But the greatest difficulty has been experienced during the past year. Why announce a substantial increase in sales promotion now? I hope that six months from now the minister will not come back into this house and say once more that there has been another substantial increase in sales promotion. That story is not sufficient, considering the severe cash position in which western farmers find themselves today.

Mr. A. B. Douglas (Assiniboia): Mr. Speaker, I rise to take part in this debate because I am concerned about the problem described in the motion. I am concerned for three main reasons. First, as a Canadian I am concerned about the effect on the Canadian economy of the depressed income of western Canadian grain farmers, especially if this situation is allowed to continue. Most economic depressions in this country have followed closely on the heels of hard times for the farmers, caused by low prices or poor crops, or both. I think the government should consider this aspect of the matter very carefully when deciding what is to be done to relieve the situation.

Secondly, I am concerned because most of the farmers in my constituency are grain producers. Not only that but the urban communities in my area are also mainly dependent on a healthy, thriving agriculture. I was elected at least partly because I am a farmer myself, and my constituents believed I would speak for them. Therefore I welcome this opportunity to again try to impress upon the government the urgent necessity of prompt remedial action.

• (8:40 p.m.)

My third reason is probably a selfish one. Several members of my family are personally experiencing this critical cash shortage referred to in the motion we are debating. This cash shortage is particularly hard on young farmers who are trying to get established. Many young people, relying on optimistic forecasts from politicians, Canadian and international food experts and others, went deeply into debt for land and machinery in recent years. Now, they are unable to meet their commitments. On that score alone, because government officials were among those who said that there was an unlimited market for our grain, I say that the government has a responsibility to give some meaningful support to the grain industry. The time will come, and it may not be far away, when our grain will again be in demand. We should see to it that these producers, especially the younger ones, are retained in agriculture because we will need them in the future.

Now, Mr. Speaker, as has been stated by others, the main requirement and the best remedy is to sell the wheat. This may require a fresh approach. I note that the government has recently appointed Mr. Charles Gibbings to the Wheat Board. Farmers and farm organizations have been asking for representation on the Wheat Board. This government has complied with that request. Charles Gibbings is not only a practical Saskatchewan farmer, but has served for many years as president of one of the most successful and influential farm organizations in Canada and, indeed, in the world, the Saskatchewan Wheat Pool. I am sure that if any improvement is needed in the operation of the Canadian Wheat Board, Charlie Gibbings will see that it is made. I want to publicly congratulate Mr. Gibbings on his appointment and also congratulate the government on taking the step of acquiring his services. I am sure the overwhelming majority of western farmers will join in the applause.

Speaking in the debate this afternoon, the Minister of Agriculture (Mr. Olson) outlined some of the things that the government has done for the western grain farmers. Some opposition speakers made light of some of these programs. It may be that these programs have not been sufficient to take care of all the problems which stem largely from reduced markets. I am sure, however, that most reasonable people would admit that

many of these items have been of substantial assistance; in other words, without them grain farmers would be in a worse position than they are.

The Emergency Wheat Reserves Act was deliberately designed to provide more assistance in times of grain surplus. Because of that provision alone, the final payment on 1967-68 wheat which was received this spring, was almost 11 cents more than it would have been without this storage payment.

Another program which has definitely helped is the doubling of interest free cash advances on farm stored grain. This is a program specifically established because of the grain marketing situation in which we find ourselves as a result of three successive bumper world wheat crops which exceeded previous records by 25 per cent. The federal government pays the interest on the money that is advanced to farmers under this legislation, I estimate that it will cost the government several million dollars to pay this interest bill this year.

The Wheat Board, with the consent of the government I am sure, is selling wheat below the minimums set out in the International Wheat Arrangement. I say, as I have on several previous occasions, that the government can do no less than support the price of wheat at International Grain Arrangement minimums. This was an international agreement arrived at by governments. It has been broken by government action, with foreign governments admittedly leading the way.

It is completely unjustifiable in my opinion for our government to allow the burden of this international price war to fall on our wheat farmers.

Some hon. Members: Hear, hear.

Mr. Douglas (Assiniboia): The precedent has been established. In the 11 month period from August 1, 1967, to June 30, 1968, the federal government did support the price of wheat at those levels, even before the International Grains Arrangement became effective. It was justifiable then, but it is even more justifiable and necessary now when the agreement has been signed and ratified, but has been broken by government action. Incidentally, Mr. Speaker, that guarantee in the 11 month period added about $8 million to last spring's final wheat payment, and to that extent has been of material assistance to wheat producers. I might add that without a similar guarantee, made retroactive for the whole of this crop year, there will be little or no final wheat payment next spring. Without this support I fear that initial payments for the new crop year, which is just approaching, will have to be reduced.

It is suggested to me that it would be folly to support the price of wheat without at the same time doing something about controlling or reducing acreages. I submit that the quota system we have is a very effective control. Because of the low 6 bushel quota last year and the obvious outlook for an even smaller quota this year, farmers have voluntarily reduced wheat acreage by an estimated 12 per cent this year. The task force on agriculture recommended a reduction of 30 per cent in the next 10 or 12 years. At the rate of 12 per cent we would reach that target easily in three years. Or to put it another way, if farmers continued that pace there would be no wheat at all grown by 1980. If any further incentive to cut acreage is desired, I suggest a revival of the wheat acreage reduction bonus that was used during the second world war. I made this proposal some months ago. It is too late now to have any effect on this year's wheat acreage, but it could still accomplish two things. If the bonus were set at a level high enough to constitute a reasonable incentive, perhaps as much as $10 per acre, it would inject up to $40 million into the western economy right away and would reward those farmers who have voluntarily attempted to reduce the wheat surplus. It would also encourage more farmers to plan on cutting their acreage next year.

Some compare this proposal with the land bank program that has been in use in the United States. They suggest that farmers will tend to farm their reduced acreage more intensively and produce just as much grain on fewer acres. The situations are not comparable because Canadian farmers have one of the most stringent supply management systems ever devised, our quota system. Because of its restrictions last year and this year, farmers are not only reducing wheat acreage but have drastically curtailed their use of fertilizer and weed chemicals. I believe that compensation for wheat acreage reduction would be effective, beneficial and acceptable.

I want to again re-affirm my support for the two price system. I believe that farmers are entitled to set a price for their grain that goes into domestic human consumption, a price that bears a reasonable relationship to the cost of production and to prices most other Canadians get for the goods and services they contribute to our national economy.

But even if it were implemented right away it would not have any effect on farm incomes for at least many months. So I repeat my earlier suggestion that the government should make a cash payment now in lieu of the two price system. I am not too concerned whether it is made on a per bushel basis or on an acreage basis, so long as it would put at least $60 million into the hands of the farmers.

• (8:50 p.m.)

I assure the government that any such funds paid to the farmers at this time would circulate so fast through paying debts and meeting operating expenses it would make your head spin. I must return to what I think is the main requirement. I will not mention many of the other things I think might be beneficial, such as reduced tariffs and trade barriers about which the government is doing something and making progress.

However, I think we must sell wheat. That is the main requirement. Let the government support the price of wheat at $1.95½ and turn the wheat board loose to really compete for wheat sales. It could do a good job on that basis. Let us get rid of our burdensome wheat surplus. This would cut down on storage costs and put the farmers back on their feet. It would help keep our promise to export 1.3 billion bushels during this year and the next two years. Such a program would require average sales of 500 million bushels in the next two years. By accomplishing this we will insure that the only truly national party we have, the Liberal party, will continue to be a party for all Canadians. This is a necessary ingredient to national unity. The action I have outlined will keep faith with the people of western Canada who, like people in all other parts of Canada, confidently expect a fair deal from this government.

The dimensions of this problem are now becoming unmistakably apparent as wheat sales continue to lag. I know the government is giving much consideration to this situation, but I urge them to come up with some meaningful announcement soon. I am confident that they will do so.

I cannot support the motion which states that the government has failed to take steps to relieve the critical cash position of farmers in western Canada. The motion is obviously in error because the government has taken some very positive steps, such as those I have already outlined. The steps which have been taken may not be sufficient, but I trust that the government has under consideration some further measures, and I look forward to some announcement in the very near future.

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Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I am speaking in support of this motion this evening because of the situation in which the farmers in my constituency find themselves. They are sitting on farms in many cases with three or four bushel quotas—some have two and some have as low as a one bushel quota. I wonder whether the members in this house have an understanding of what this means to those farmers who live on the prairies.

I have a neighbour who farms a section of land. He is a good farmer. He probably has received a gross income from wheat since August 1 of last year—six weeks off the full year—of probably $2,500. He has to support a family and run a farm on that income. I have another neighbour who farms a thousand acres from which he probably grosses $3,500. He also has to support a family and pay the necessary cost of farming. This is the situation about which I am concerned.

If the government really wants to correct the situation which exists on the prairies it will have to start at the beginning where it made its first mistake. It will have to start from the negotiations for the International Grains Arrangement in 1966-67. The evidence before us which was gathered by the Standing Committee on Agriculture would indicate that we negotiated a minimum of $1.95½ for Manitoba No. 1, and a price for Australian fair average quality of $1.68. The price negotiated for Australian fair average quality, was 27½ cents lower than Manitoba No. 1. That was the differential. We were informed that this has since been narrowed some 5 cents a bushel. We were also told at about the same time that Australians improved the quality of their wheat. Did we not know that they were improving the quality of that wheat? Were we so ill informed of circumstances as Canadians—one of the great wheat growing areas of the world—that we were caught napping to that extent?

Does anyone imagine that we could sell to the markets of the world in competition with other countries by offering wheat for about 22½ cents a bushel more than a competitor who was offering wheat of a comparable quality? This house has not been told by the Minister of Industry, Trade and Commerce (Mr. Pepin) what is to be done to correct this situation in respect of the negotiated differential of 12½ cents per bushel for Dark Northern Spring, United States wheat. Will someone tell me why the 49th parallel has anything to do with hard red spring wheat being worth 12½

cents less on the south side of that border than on the north side? It is this agreement, negotiated by this government and its predecessor, under which the Canadian Wheat Board has to operate.

I agree with those who say that the appointment of Mr. Gibbings to the Canadian Wheat Board was a good appointment. However, I do not care who the government appoints to this board, unless it changes the policy it followed during the last few years the grain grower in western Canada is going to be in trouble. Let us get down to the facts as they are and deal with them. We are not looking for charity for the western farmer. We are looking for economic circumstances under which he can operate. If we do not create these economic circumstances all the charity in the world will not help him to remain a farmer. Charity will only destroy the farmer as he is now being destroyed economically.

This situation did not sneak up on us. It was evident a year ago to keen observers on the prairies. They knew what was happening. Surely, it was evident a year ago to those people in government and those who are advising the government. Did they not know? During the last 18 months to two years, since the agreement was signed, we have been trying to fight and come from behind while the Australians, France and the United States have been undercutting us on the market. Our wheat has been piling up on the farms.

I found some figures this afternoon which I should like to give to the house. At Biggar there is in storage 189,000 bushels of wheat with 99,000 bushels of available space. The farmers in the area are on a three bushel quota, of which 50,000 bushels have yet to be delivered. Not one car has gone into the town of Biggar since May 30. The town of Biggar is on the main line of the C.N.R. from Winnipeg to Edmonton. The C.P.R. Rail line, where one elevator exists is one mile away. Biggar has access to the main line of the C.N.R. and a secondary line of the C.P.R., but there has not been one car in since May 30.

During the time we have been talking about this problem the Minister of Industry, Trade and Commerce has informed us that this aspect of the grain industry is under control. When we have asked for a transport controller the minister has told us this is not necessary, but that is the situation which exists at least at one point, and I suppose it is duplicated at many others.

[Mr. Gleave.]

We must have access to some up to date and up to the minute research as to what is happening in the grain economy of the world. This is not the case now. We should know whether Australia, for example, is introducing new varieties of wheat, or whether Mexico has greater yields. We should know the production of the U.S.S.R. The last time I checked we did not have an agricultural attaché in Moscow. We probably have a military attaché there to find out how many bombs they are manufacturing. Don't we need to know about grain production, or is the information we receive so good that we have no ambition to enlarge upon it?

• (9:00 p.m.)

As late as 1966, and indeed into 1967, we were told we could sell all the wheat we could grow. How could any government be so wrong? The situation would not have been interpreted so wrongly had we listened to independent observers who were saying that sales were declining. They were either hiding their heads in the sand or they were not paying enough attention to find out the facts. I do not know which was the case.

One of the first things we must do is renegotiate the I.G.A. We must go to our partners in this agreement and ask that this be done. These partners are our competitors, but if they are reasonable people they will not let the agreement stand in the way of providing a better deal for this country. We should go to the countries which are partners to the agreement and say that we cannot live with it as it is presently drawn. We should ask whether they are willing to renegotiate the agreement and arrive at a basis upon which we can live with it. Otherwise, we should scrap the agreement. Let us make up our minds about this. The minister should tell the house that he has made up his mind on this question and what the future will be for this country.

Let us not live in the limbo of uncertainty in which we do not know what tomorrow will bring. Let us ascertain what the future holds for the farmers of Rosetown, Biggar and similar areas of Canada. What plans does the government have in mind for assisting these people? They have been getting no direction from the government. They have not been told what steps will be taken to help them with their problems. Why have they not been told? They have not a crystal ball into which they can gaze and see the future; they cannot second-guess.

Let us get down to cases. The government has set up the Canada Grains Council to give farmers a forecast two years hence after its committees have studied these matters. We have a Canadian Wheat Board, the Board of Grain Commissioners, the Agricultural Research Council, the Department of Agriculture and the Department of Industry, Trade and Commerce. Amongst all these people are there not those who can reliably advise the government? If there are not, why do we have these agencies? If these people are capable, they should be called upon to give us the answers to the problems. Surely if they are paid salaries of $25,000 or $30,000 a year they should be able to advise the government in these matters.

Representatives of grain companies have been appointed to the Grains Council. Are these the people to advise us on grain problems, since these companies live on a guaranteed income in respect of the handling of grain. The government should reconsider this matter immediately and come to the conclusion that the situation is urgent. The government should realize that there is not time for long, drawn out sittings of committees that will make reports, half of which will be revealed to the country and the other half kept secret so that we do not know what the situation is.

I do not think there is any point giving the house the last grain quota figures. The government knows what they are. The situation has been stated many times in the house. What are we to do with excess land on which we shall not be able to produce wheat? Are we to go into livestock, cattle, or oilseed? Some direction should be given in this respect. The government should develop a policy which will solve the problem.

As well as being a grain farmer I feed some cattle. I was not amused the other day to hear the Minister of Consumer and Corporate Affairs (Mr. Basford) say he was prepared to join with a lackey of the chain stores and boycott the product I want to sell. I give the Minister of Agriculture (Mr. Olson) credit for standing on his feet and saying what he did. He said it because he knows the circumstances of the livestock farmer.

I have here the report of a speech which the Minister of Industry, Trade and Commerce (Mr. Pepin) made in Vancouver. He made a trip to Asia. I am glad he did. Perhaps he improved our grain sales in that area of the world. He is a very able man and was, I am sure, well received. While in Australia he persuaded the officials of that country to lower the tariff on rapeseed, which had recently been increased. He also went to New Zealand. In his speech in Vancouver the minister said:

> I was also able to point out—

That is, in New Zealand.

> —the growing Canadian market for other agricultural products from New Zealand, mainly lamb and beef. The prospects are that there will be a very substantial increase in the Canadian market for these products in 1969, probably resulting in an expansion of New Zealand's total exports to Canada by as much as one-half.

They were $19 million in 1968. I wonder whether before this agreement was negotiated the Minister of Industry, Trade and Commerce and the Minister of Agriculture had consultations on the matter. I put it to the house that before Canada negotiates in respect of the importation of agricultural products from another temperate zone country which will compete with the products produced in this country, the needs of our own producers should be considered. We may have to make substantial transfers of resources in respect of production in the prairie region. We recognize this possibility.

I have lived on the prairies all my life and have no illusions in this respect. I know what is in store for us. I do not think we are heading for disaster, but we must make some adjustments in this area before encouraging the importation of meat products from New Zealand. I suggest to the government, that the Minister of Agriculture, the Minister of Industry, Trade and Commerce and the Minister of Consumer and Corporate Affairs should hold a conference and arrive at a conclusion as to where farming is going in this country, because we are past the point where we can fool around. I have great respect for the Minister of Industry, Trade and Commerce; he has on many occasions been quite frank with us in the house.

• (9:10 p.m.)

I repeat what I have already said, namely, that the last thing we should be doing at this juncture is increasing imports which compete with Canadian industry already in a surplus position. We need an agricultural policy, and I am afraid that we have not got it. Where are we going? How many acreas can we have in wheat? How much livestock can we usefully produce and market within the North American market? How much milk powder do we need, how much butter, how many cows? The Canadian Dairy Commission has

been pinching off the small butter producer in western Canada. I hear the same story in the maritimes, so apparently they are not setting their sights especially on us. I wonder if they know that the man who produces that can of cream is the same man who produces the calf which ends up in the feed lot where it is fed grain. They do not act as if they knew it. So, instead they pinch off the small producer, and we end up with a milk powder surplus in the central provinces of Quebec and Ontario, which is just as big a problem as the butter surplus once was.

What is our policy? This is what we should know. What about the recommendation of the task force that subsidies on feed grain moving east should not be continued? Is that what we should be doing at this juncture? When we are producing a surplus of grain in eastern Canada, do we want to re-equip the farmers in the maritimes and in the Atlantic provinces so they can produce grain also? Do we want them to go and buy combines and swathers and all the equipment that is needed to produce grain so that they can duplicate what we have now in the prairies, or does it make more sense, at least in the foreseeable future, to keep moving grain from where we are producing it and let farmers in the Atlantic provinces go ahead with poultry and livestock production? Essentially what they are doing is producing what they need in the area. Let us use some common sense and make our decisions on that basis. Some people say to me: "You are a westerner so you should not want feed grain to move east. You should want to feed it all in our own feed lot". This is utter nonsense. They will get the feed grain they want one way or another. If we cut it off, they will get it some place else. We will have a surplus but we will still produce hogs and cattle in competition with them. Do we want the market, or do we want to choke it off and leave it to corn producers in some other place? Do we want to duplicate the capital investment at a time when interest rates are at an all time high? If we are going to switch to some other production in western Canada, should we not make capital grants available to farmers who are willing and able to make the shift in terms of grazing land, in terms of feed lots and in terms of other developments, and should this not be done at reduced interest rates? Does the government think that the farmers in western Canada, with their present state of income and finances, will be able to raise the millions of dollars worth of capital to make the necessary adjustments?

[Mr. Gleave.]

The Acting Speaker (Mr. Béchard): I regret to interrupt the hon. member but his time has expired.

Some hon. Members: Continue.

Mr. Gleave: I will be very brief, Mr. Speaker. I just want to say that if we are going to have to make some adjustments and if we are going to have to go back to growing, say, 20 million or 24 million acres of wheat, and if those lands are going to remain productive, a program will have to be devised. We are not at the end of the road. I am not pessimistic about western Canada, if we do the logical things that can be done. Perhaps I am an optimist because I have lived in that country all my life. It is productive and wealthy. It has been misused, abused and short changed, but it does not have to be broken.

Let us take a look at the alternatives, such as a good selling program for feed grains, oil seeds and livestock. Let the government dig out some money now, enough to meet the situation that exists there, and then work out a program with which we can live and move forward confidently into the future.

Mr. Cliff Downey (Battle River): It is very gratifying for me to be able to rise tonight to take part in a debate on a matter of such import and urgency as is the cash position of the western farmer. When I am out west I always try to paint a picture of a government composed of responsible and dedicated people, but when the house spends weeks on matters such as the omnibus bill and the language bill at a time of crisis in the west when farmers are going bankrupt every day, I have difficulty explaining it away. Westerners are asking me: "What is this government dedicated to and to whom is it responsible?"

I will not take the time to go over some of the aspects that the speakers before me have covered in relation to marketing problems and low quotas. I think these have been adequately covered. However, now in the west, on top of the other problems, we have a new situation which will affect the beef and the coarse grain growers. I refer to the widespread frost that occurred last week and that extended from the Peace River country to as far east as Brandon, Manitoba. Unless aid comes in in the next few weeks, these frozen crops, which in many areas are black and which have blackened the ground, will die, and trouble will be heaped on trouble. With no sales, debts will be heaped on debts. Credit sources are drying up, and money, when available,

has become too expensive for farmers to use. The return of the average farm is not as great as the interest rate on the money that farmers borrow, and unless this government gives immediate cash relief to the western farmers by next spring I predict that 25 per cent of them will be bankrupt and will be gone from the land. I think that anybody who is familiar with the situation can do little else but agree with me. In short, any picture I could paint pertaining to the situation of the western grain farmers, no matter how black, could hardly portray the full seriousness of the situation.

We have heard the suggestions of the Minister of Consumer and Corporate Affairs (Mr. Basford) and we have also heard in the house about the fight against inflation. I think this subject was also mentioned in the budget address. But the farmers of western Canada have been fighting inflation for the last 20 years. They have been selling at 1940 prices in 1950 and 1960 markets. In 1939 farmers paid $1,200 for a three or four plough tractor. Today, they pay about $5,000 for the same machine. At that time we sold a bushel of wheat for 50 cents. Today, a great many farmers are getting about $1 for it.

• (9:20 p.m.)

The Minister of Agriculture (Mr. Olson) spoke about the problems but he did no more than that; he did not offer any solutions. I was really quite ashamed when I realized he was representing a province of the west, although I do commend him for having done, probably, all he could in the circumstances in which he finds himself, likely in a somewhat hostile cabinet. I was happy about some of the things he has done—some of the programs he has made possible. But I was deeply ashamed when a Minister of the Crown came out last week with an appeal to consumers to boycott beef. Beef is one of the few things they have in the west that is keeping the economy going at all. God knows, the extra which a beef producer is receiving is nowhere near the amount of price increase which is being demanded of consumers.

The Minister of Agriculture needs to speak to his colleagues about this crisis. I notice that when he was addressing the house only six of his hon. friends were sitting in the house listening to him. To me this indicates the extent of the interest on the government side in this critical agricultural situation. Six members out of 153 listening to the Minister of Agriculture talk on the western crisis!

The minister listed some of the accomplishments which had been achieved in the agriculture field—some of the new credit provisions and measures for extension of credit. But there are other accomplishments, too. There was the accomplishment of transferring dairy produce totalling eight million pounds from the western provinces to Quebec. There was the accomplishment, if one can call it that, of organizing the pile-up at Vancouver this winter when ships waiting to load grain cargoes were unable to do so because we were not in a position to supply the types of grain needed.

Long term planning is required, certainly, but what these farmers need is cash right now, today, tomorrow, or next week. Long term planning has no value at this stage for a large number of these farmers because they will not be here to take advantage of it. When we ask for subsidies, when we ask for immediate cash help, the question is asked: where is the money coming from; taxes are as high today as they can go. But let us take a look at the situation. As the hon. member for Vegreville (Mr. Mazankowski) stated last week—and it was repeated this afternoon by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas)—there was apparently no difficulty about remitting $80 million of duty to the automobile manufacturers, $75 million of this going to one company. I looked at the financial statement of that company and found that its net profit last year was well over $50 million. So, we can hardly consider it to be a charity case. Funds are certainly as well funnelled into agriculture in a time of crisis as back into the automobile industry.

We find that taxpayers are subsidizing every seat in the new Arts Centre. Assuming a sell-out crowd for 100 nights of the year, and taking everything into consideration, the subsidy on every ticket sold amounts to something like $35. I am not saying I do not approve of the Arts Centre. This sort of thing is possibly necessary and desirable; you cannot put a price on some of these things. But I am saying that when there are bread and butter issues to deal with, surely they come first. Take the situation of the C.B.C. which presents "Things As They Really Are"—the title of one of its programs. This organization costs the taxpayers in the neighbourhood of $150 million a year and it is not too discriminating in choosing the topics it brings before the public, either; we often run into criticism here. There are economies which could be made in the civil service. In many of

these offices people are falling over themselves.

The other day I telephoned to see how things were in connection with my income tax position. I got in touch with the department to find out something about my return. I noticed that the size of the staff had been increased. They have put in computers. I was told it would be necessary to feed in a card and that it would not be possible to tell me how my account stood for the next two weeks. This is a measure of the efficiency we are getting, all at increased cost. Savings could be made in many of these directions and we would then be able to help the people who need help without increasing the tax load any further.

Subsidies, as one hon. member has pointed out—I believe it was the hon. member for Bruce (Mr. Whicher)—can hardly be termed a dirty word these days. I have no great desire to be part of an industry which is subsidized, and I believe the grain growing industry is one of the few that is standing on its own feet, but it should be remembered that we are subsidizing industry, mining, broadcasting—you name it, and we are subsidizing it. Why must subsidization be looked upon as a dirty word when it comes to western agriculture?

In conclusion, I reiterate that long term planning, while essential, is of no value at this time to a great many of these producers. If we are to hold the grain growing business together, emergency measures are required, and our farmers need cash right now.

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker I should like first to apologize for my absence this afternoon. I have, I think, an excellent excuse, since I met in Ottawa the Advisory Council of the department of Industry and Trade and Commerce and it seems to me that one of the basic requirements to assure the Council's efficient work is the attendance of the minister which is supposed to advise.

However, I have been informed abut a number of arguments presented this afternoon in support of the motion proposed by the opposition. I do not pretend to answer adequately to the argument of the leader of the New Democratic party (Mr. Douglas) to the effect that the western farmer's income is inadequate, but since arguments concerning the marketing of Canadian wheat have been put forward, I think that I should make a few comments on that subject.

[Mr. Downey.]

To start with I will say that being rather well informed about the situation in the wheat industry and about the equally rather difficult situation faced by a number of western farmers, I would be the last one to make an attempt at minimizing the seriousness of the problem which confronts us at the moment.

• (9:30 p.m.)

[*English*]

The Minister of Agriculture (Mr. Olson) said this afternoon that the government was considering all aspects of this problem.

The farmers and the members of the house may be justified in feeling a little anxious about what the government will say on this subject, but I ask the house to believe that there are good reasons for giving proper consideration to all aspects.

It is easy for the opposition to shout "Give them cash, cash, cash". It is easy for the opposition to claim that we should have a two-price system. It is easy for the hon. member for Crowfoot (Mr. Horner) to say that we should make barter sales. It is easy to bring up in this debate all kinds of considerations having to do with the new Arts centre or the remission of tariffs for the automobile companies.

However, on the basis of the opposition's record I think the government should be rather cautious about the recommendations made by the opposition today. The least that can be said of them is that they should be properly assessed.

If one looks at the record, one is not edified by the suggestions made by the opposition in recent months. At the time the high moisture difficulties arose, I remember members of the opposition saying that the government was responsible or almost for the bad weather; that it had done nothing to cope with the tragedy of damp and tough grain. Their cries, still ring in my ears that "millions of bushels would be lost". As hon. members should know, this problem has been properly resolved.

Mr. Mazankowski: How would you know that millions of bushels have not been lost?

Mr. Pepin: Just state the contrary facts.

The Acting Speaker (Mr. Béchard): Order. The remarks I made before apply to all members of the house.

Mr. Pepin: The problem has been resolved. The farmers did a magnificent job, and so did the Canadian government. The measures that we took should be in every member's mind because they were mentioned this afternoon by the Minister of Agriculture. Credit was made available. On an emergency basis cash grants were made for drying purposes. Advance quotas for high moisture grain were given by the Canadian Wheat Board. I well remember the members of the opposition crying "Too late, too late". Then, when difficulties developed they cried "Too early, too early". One would wish they would consult among themselves. C. D. Howe apparently said that there was no such thing as a wheat expert. I think that statement is proved every day in this house. I do not pretend to be an expert myself but how members of the opposition can claim to be experts is beyond my understanding.

Co-ordination of drying facilities in terminals was made by the Canadian Wheat Board, the Board of Grain Commissioners, terminal operators and the railways. The government gave remission of duty on imported commercial dryers. It also gave accelerated depreciation for farm drying units acquired in the current crop year. That was enough to solve the problem. Still ringing in my ears are the cries of "Resign, resign". If I resigned each time the members of the opposition thought I should this would be a full-time job.

Again it is easy for the opposition to come up with "solutions". Some members of the opposition remind me very much of jugglers who are throwing 20 plates in the air hoping to catch one. When they do, they never speak about the 19 others.

With regard to the difficulties experienced in Vancouver, I remember how I was laughed at when I tried to explain that these difficulties were in great part due to the weather. Again the opposition shouted "tragedy". They charged that my department should have been given to a westerner. This hurt a little. The railways were damned as well as the Transportation Committee. It was said that the co-ordinator should take over. Even the Wheat Board was slightly chastized. God himself had to come in for some chastizement.

Mr. Downey: On a point of order, Mr. Speaker, under the new rules is there no protection given members of this house from this sort of inconsequential chatter while we are discussing such an important problem?

Alleged Failure to Aid Western Farmers

Mr. Pepin: Mr. Speaker, of all the people I can think of, especially having heard the hon. member's speech in which he referred to just about everything under the sun, he is the last who should complain.

Let me return to the Vancouver difficulties. I remember hon. members saying that our sales to the Pacific would be lost, that this would be a terrible year. They were almost counting the number of sales that would be lost. Hon. members may be glad to know that our exports of wheat from the west coast as of June 4 this year amounted to 122.5 million bushels as compared to 112 million last year. That is not a bad record for a government that is supposedly responsible for losing sales from the west coast.

I am not trying to claim this is a wonderful record, an extraordinary one; I am just trying to put the case in its proper perspective, because I think that is greatly needed after the speeches we heard.

A few days ago the hon. member for Churchill (Mr. Simpson) was crying out loud, almost making himself sick, because the port of Churchill would have no work at all. I cannot tell the house exactly what the sales program is for Churchill this year, but I am advised by the Canadian Wheat Board that despite well known difficulties it is anticipated that a good level of exports will pass through that important port. At least one member of the opposition should speak for the Canadian Wheat Board and the government tonight, but again I understand this is asking for too much. Tomorrow, the hon. member for Churchill will be asking me how much more he can expect, but I will have to admit to him that the record will not be beaten this year.

This afternoon it was again suggested that the government is not doing everything it can do to help the Wheat Board market wheat properly. I should like to know what it is that we have failed to do in the last year to help the Canadian Wheat Board market wheat. Have we suspended the food aid program? I ask hon. members to note the following interesting statistic. The government has increased food aid shipments, principally of wheat and flour, from the austerity level of $4.5 million in 1962-63, when a certain government was in office, to the current level of $70 million. I ask hon. members to note that increase from $4.5 million to $70 million. Members of the opposition may say that the level of exports was higher at that time than now, but that is not true. In 1962-63 the level

of exports was at 331 million bushels, which is almost the same level as last year.

With regard to credit facilities, the government has come forward and amended the credit facilities that are available to improve the competitive position of Canadian wheat. Provision has been made in the estimates of the Department of Industry, Trade and Commerce for the amount of $6 million for the sale of wheat to selected countries on extended terms at concessional interest rates. Again every effort is being made to interest developing countries in Canadian wheat on these terms. The Wheat Board does not lack government support. Members of the Wheat Board and of my department have been working with great intelligence in order to secure sales and I regularly receive letters and telephone calls of congratulation. The callers are not complimenting me of course; they are complimenting those people who are developing our sales so excellently.

• (9:40 p.m.)

I do not claim to be an expert on wheat but I wish that other hon. members who do not know much more about the subject than I do would stop pretending to be experts. I am referring here to the kind of thing the hon. member for Saskatoon-Biggar (Mr. Gleave) said. Suddenly, he does not think the I.G.A. is such a good idea.

An hon. Member: The minister does not know much, either.

Mr. Pepin: I just said that. It is all very easy to rewrite history, or to be wise by hindsight. It is all very well to say, "This is what we should have done." I tell the hon. member that he and his colleagues should not try to advise the government and then turn around and blame us for accepting the advice. The International Grains Agreement was negotiated—

Mr. Gleave: Will the minister permit a question. Is that agreement not an agreement negotiated by governments?

Mr. Pepin: That is precisely what I am about to say. It was negotiated, and the Canadian government in those negotiations accepted the advice among others, of the advisory committee of the Canadian Wheat Board which is made up of representatives of producers of the Canadian wheat industry. At that time all believed that they were proceeding in the proper manner. It was believed that negotiations within the Kennedy round would bring greater benefits than negotiations outside the Kennedy round. The increase of 20 per cent in prices which was agreed to was in part brought about by the mood, the Kennedy round discussions created. The hon. member was saying that there are fewer members in the I.G.A. than there were in the old International Wheat Agreement. That is a lot of baloney. The I.G.A. and the International Wheat Agreement affect the same number of members. I do not pretend to be an expert but I wish others who are not experts would stop pretending they are.

Mr. Douglas (Nanaimo-Cowichan-The Islands): May I ask the minister a question, Mr. Speaker?

Mr. Pepin: There is another expert.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Is the minister saying that the Soviet Union, which was a member of the International Wheat Agreement is also a member of the International Grains Arrangement.

Mr. Pepin: I think there are at present the same number of countries in the International Grains Arrangement as there were in the International Wheat Agreement. That is what I am saying.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Is the number of exporters the same?

Mr. Pepin: The number of countries is the same. One of the countries that does not belong to the I.G.A. is the Soviet Union. Arrangements have been made for the Soviet Union to be admitted to the I.G.A. Negotiations are going on now. I do not see how any new round of neogtiations could change the existing situation. Whenever the Soviet Union feels like coming into the I.G.A., it will do so. It is all very easy for the hon. member for Saskatoon-Biggar to attempt to rewrite history.

Mr. Gleave: The minister is rewriting it again.

Mr. Pepin: I am not saying that there is anything eternal about the International Grains Arrangement or about any international agreement for that matter. One of these days we shall negotiate some new agreement. There is nothing eternal about international agreements of any kind.

Mr. Burton: Mr. Speaker, would the minister permit another question.

Mr. Pepin: Not right now, please. This afternoon an hon. member during the question period asked what the government plans were in the light of the fact that the five bushel quota would not be reached. I do not know why such questions are asked and repeated. Mr. McNamara, the Chief Commissioner of the Wheat Board, has told the Standing Committee on Agriculture—and I have repeated his remarks in this house—that he is very hopeful that the five bushel quota will be reached. What better opinion do hon. members want? Why do they therefore anticipate that the quota will not be reached? Why create tragedies that do not exist?

Mr. Douglas (Nanaimo-Cowichan-The Islands): May I ask the minister a question, Mr. Speaker. Is he sure the five bushel quota will be reached? Will he undertake to keep the delivery season open until every delivery point has accepted the full five bushel quota?

Mr. Pepin: There we go again. The hon. member evidently does not believe the quota will be reached. Why do we not wait until we see what is to happen before crying wolf?

Mr. Gleave: We have been doing that all year.

Mr. Douglas (Nanaimo-Cowichan-The Islands): What about foreseeing events?

Mr. Pepin: That is a question of philosophy. You cannot have it all ways. One day some hon. member in this house says that the price of beef is too low for the farmer to benefit from his work. The next day an opposition member says it is too high for the housewife. One day we hear that the price of lumber is too high and is hurting Canadian construction. The next day we hear that reducing prices for lumber will be bad for our exports. You cannot have it both ways. I know it is difficult for hon. members to be in opposition to the government. I have never had that advantage of disadvantage of sitting on the opposite side. I know that hon. members must ask questions. Need I remind the opposition that they cannot have it all ways; that they cannot advise something one day and the contrary another.

Look at the hon. member for Saskatoon-Biggar. A few months ago he and his colleagues were saying, "Respect the I.G.A." Now he is saying, "Scrap it." You cannot do both things at the same time. One day hon. members of that group protest that we are not underselling someone else. The next day they talk about abiding by agreements. Today, the hon. member for Saskatoon-Biggar compliments us on the appointment of Mr. Gibbings. Tomorrow he will condemn us for taking his advice. You just cannot make those kinds of statements and get away with it.

Mr. Gleave: On a point of privilege, Mr. Speaker. I do not mind the minister quoting me so long as he does it correctly. I said that the appointment of Mr. Gibbings was a good appointment, but the effectiveness of the Wheat Board will depend on the policies of the government.

Mr. Pepin: And the policy of the government in turn will depend on the good counsel it receives from its advisers.

Mr. Douglas (Nanaimo-Cowichan-The Islands): And will the minister blame the experts and advisers when they are wrong?

Mr. Pepin: No. We shall assume the blame ourselves. Not assuming responsibilities is one of three traditions of the C.C.F. that we have not adopted.

How serious is the marketing situation, Mr. Speaker. It might be worth looking at the facts. World trade has dropped by 11 per cent within the last year. Last year's trade, in turn, was 17 per cent below the level of the 1966-67 trading year. These are facts. Further figures show that in the 1966-67 crop year there was a potential for trading 2,300 million bushels. In 1967-68 that potential existed for 1.9 billion bushels. The potential for the 1968-69 crop is for 1.7 billion bushels. We see here a reduction at the world level of 600 million bushels over a period of three years in trade possibilities.

• (9:50 p.m.)

That is quite a normal situation. However undesirable this normality may be, it is a fact of life and Canada among other countries will suffer as a result of the existing world situation in the wheat trade. It would be unbelieveable that Canada alone should escape from the consequences of that situation. I could go on giving many other facts of life dealing with this subject. United States exports in the current crop year are estimated to be 535 million bushels. This is over 200 million bushels below earlier predictions, and 250 million bushels less than the previous five years average.

I am not trying to say that our Canadian situation is not a difficult one. I am just trying to say this is not solely a Canadian difficulty. It is a difficult world situation. I

am trying to say the Canadian government should not be condemned for not being able to prevent something which exists on a worldwide level.

[*Translation*]

The Acting Speaker (Mr. Béchard): Order. I regret to interrupt the minister but I must remind him that his time has expired. Unless the house gives unanimous consent the minister will not be able to continue his speech.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Béchard): Agreed.

[*English*]

Mr. Pepin: I will not be too long. I know that some hon. members on the other side are sleepy. They have been working very hard. This is my fourth speech today and I am in great shape.

Let us have a look now at Canadian exports. They will be in excess of 300 million bushels in the current crop year. Last year they were 335 million bushels, only slightly above the 1958 to 1962 five year average of 323 million bushels. Again, Mr. Speaker, when one judges a situation one must judge it against something which is rather normal, and not something which is exceptional. I dare say that from 1963 to 1967 Canada enjoyed extraordinarily good wheat sales but there is nothing in Adam's will—and I have read it—which says that the Soviet Union is obliged to have crop difficulties every year to assist the Canadian farmers. So, we must judge the present on an average basis, and the average sales for the five year period 1958 to 1963 were 323 million bushels, which is about what we are reaching now.

Had the Soviet Union come forward and taken the 135 million bushels outstanding under its present agreement with us, or had it taken only half of that, say 75 million bushels, this year would have been a very good year. Again, I do not see why the leader of the N.D.P. should condemn the government for its bad performance in wheat marketing. I think that the record has to be put in proper perspective.

I would have had many other remarks to make tonight, Mr. Speaker. In my concluding series I was going to show again that this is not an exclusive Canadian problem. It is a worldwide situation. The market is not what it used to be two, three or five years ago. Competition in the market has become ferocious. There have been bumper crops all over the world. It is a buyer's market. A number of countries that used to be importers have become self-sufficient; a number of countries that used to be self-sufficient have now become small exporters. I agree with the hon. member for Saskatoon-Biggar (Mr. Gleave) who said that now we must govern our conduct in the light of more normal sales, and not in the light of exceptional ones.

In concluding, I also would have loved to talk about the I.G.A., and to answer some of the points made by the hon. member for Crowfoot (Mr. Horner) in particular. When I listen to him I always think that if wind and words could do it he would be really tops. I would have liked to speak about the history of the I.G.A. and of the great efforts made in recent times by Canada to protect the international arrangement despite difficult and changing circumstances.

I would have liked to have talked about our officials going to Canberra, to Washington and to London to defend the I.G.A.; about the minister meeting with the U.S. Secretary of Agriculture, as did the Minister of Agriculture (Mr. Olson) also. I would have liked to have spoken about my meeting with the Minister of Commerce of Australia (Mr. McEwan), and with the Ministers of Trade and Agriculture of Japan. The Prime Minister (Mr. Trudeau) met with President Nixon and Prime Minister Gorton, and representations were made to France and the E.E.C. We have tried everything possible to maintain this great international agreement which is in Canada's best interests.

If the I.G.A. fails it will not be because Canadians have not stood behind it. It will not be because Canadians have not paid the price of maintaining it. It is easy to say on this 17th day of June that this is not the way the agreement should have been written, that it should have been negotiated differently. That is a lot of hindsight, which is about the cheapest commodity on the Canadian market at present.

I would have ended by enumerating the different recommendations that the government has received. Tonight, the hon. member for Crowfoot came up with a list of nine. I would have tried to show the difficulty attached to each of them. I would have shown that most of these coins have two sides. I would have tried to bring to the attention of the house and of the Canadian population that there are some disadvantages in most of these recommendations. But as the Minister of Agriculture said this afternoon, the government is considering all these aspects and

will make up its mind at the proper time. There is nothing wrong in that. It is easy for the opposition to shout at us, "Do this, do that," without any consideration for the consequences of those actions.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I only have a few minutes left and I thought the minister was going to keep the floor until ten o'clock.

I would simply like to say that we are in favour of the motion introduced by the New Democratic party. We regret only one thing and that is that the motion does not apply to the farm industry as a whole. I suspect the New Democratic party of being just a little bit separatist for there are needs all across Canada—

The Acting Speaker (Mr. Béchard): Order. The President of the Privy Council.

[*English*]

BUSINESS OF THE HOUSE

Mr. Macdonald (Rosedale): Mr. Speaker, before we move to the adjournment proceedings I think it might be useful if I put on the record a resume of the expected business for the next few days. The business for tomorrow afternoon—and I would recall to hon. members the special order made last week—will be item No. 4 on the Order Paper, the report stage of Bill C-120 respecting the Official Languages Act, and as a result of the special order the house will sit tomorrow evening from 7 p.m. to 10 p.m.

On Thursday morning, the house will sit again at ten o'clock and will commence with government business. The first item to be called will be item No. 90, completion of second reading of Bill C-207, the Atlantic Provinces Transportation Assistance Act, the committee of the whole stage of that bill and, I hope by leave, third reading. That is to be followed by the completion of item No. 4, Bill C-120 the Official Languages Act.

When government orders are called after 2 o'clock, the business that day will be an alloted day, as it will also be on Friday after eleven o'clock until four o'clock. From four o'clock until 6 p.m. on Friday evening it will be government orders, commencing with Bill C-120 if it has not previously been passed, and then tentatively Bill C-197, Bill C-194 and Bill C-202.

The house, pursuant to Standing Orders, will not be sitting next week on June 24 in honour of the feast of St. John Baptiste. On the Monday and the Wednesday of next week there will be the two remaining allotted days in the current period.

• (10:00 p.m.)

The Acting Speaker (Mr. Béchard): It being ten o'clock it is my duty to inform the house that pursuant to Standing Order 58 the proceedings on the motion are considered to have expired.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under Standing Order 40 deemed to have been moved.

FISHERIES—SEA LAMPREY—UTILIZATION OF CHEMICALS TO PROTECT LAKE TROUT

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, on June 4 I asked the Minister of Fisheries (Mr. Davis) why the program on lamprey control was being cut back in 1969, the second time in eight years. This program has been eminently successful. It has been 90 per cent effective in Lake Superior. It is interesting to note that the sea lamprey readjusted from salt water to fresh water. It came up to Lake Ontario via the St. Lawrence River. Then, via the Welland Canal, it came up to Lake Erie. The higher water temperatures there were unsuitable. So after a period of years it made its way up into Lake Superior, Lake Huron and Lake Michigan. Here, the lamprey found ideal breeding conditions.

Here also the lamprey found the trout and because of the thin scales on the trout was able to attach itself to these fish by means of its sucker-like mouth. Then, with its raspy tongue it produced a raw area into which it injected an anti-coagulant to keep the blood from clotting. When it had done this, it drank its fill. The lamprey prospered under those conditions but the trout gradually disappeared. The trout could give only so many transfusions. Finally, they ceased to spawn and died. Commercial fishing disappeared from Lake Huron. The trout was the usual victim, but white fish and chub were also attacked.

It was at this point that the United States Bureau of Commercial Fisheries and the Fisheries Research Board of Canada initiated a

control program against this destructive parasite. Thousands of dollars were spent in developing methods to destroy the adult lamprey and its larvae. The controls were directed at the area of greatest concentration. This happened to be in the spring when they go up to the sandy, gravelly creeks to spawn.

Two methods of control were used. There was the electric barrier method which was aimed at the eel itself. Then there was the use of a chemical from the same chain, I believe, that aspirin comes from which was very effective in killing the young larvae. This is not harmful to any other fish, plant life or animals that might drink it. This method has been 90 per cent effective in Lake Superior and Lake Michigan, and the trout are returning. There is a problem in Lake Michigan, however, because the fish are becoming overloaded beyond safe limits with insecticides. Lake Superior is too cold and unproductive. This leaves Lake Huron as the home of productive fishing.

The money set aside by the United States and Canada for the attack on the lamprey amounts to $1.5 million. This is a pretty small amount when one considers that the annual take in trout before the lamprey invasion was over 15 million pounds. If my mathematics are correct, this figures out to 10 cents a pound for control. Surely, this program should be stepped up in order to complete the eradication of the lamprey in Lake Huron.

I bring this point to the attention of the minister, who has a lot of common sense, for two reasons. First, Lake Huron should be restored to its rightful place as the greatest fishing lake in the chain of great lakes. Secondly, trout fishing is the backbone of commercial fishing. Then, of course, we have the hybrids that have been developed and introduced to some extent at some expense. They are faring well in Lake Huron and they are increasingly attracting anglers and tourists from all over the world. If there ever was, in my opinion, a pennywise and pound foolish move it was the principle of cutting back when success is well within your grasp.

The second reason is that the Trent canal has never had a lock at Big Chute. This bottleneck still remains at Big Chute where a quaint marine railway is unable to carry the larger and heavier boats using this waterway. This forms an effective barrier to large boats. The importance of the inland waterway has been recognized by the appointment of a provincial government representative and a federal government representative to a committee to study how the inland waterways can be improved and made more effective in serving the tourist population both local and otherwise.

The government completed the lock at Swift at an expense of well over $2 million. It is a very fine lock, in fact one of the finest you might see anywhere. Restoration plans for the Trent canal to the tune of $20 million were started by the Tory government. These plans were assessed when the Liberal government went into power and it carried on with them. As a result this lock was built at Swift. It is interesting to note that in 1955 over 27,000 boats used this waterway, but in 1964, just nine years later, over 112,000 boats used it and the number is increasing. How can the government justify spending that $2 million on the lock at Swift and still leave the old bottleneck to this ever increasing traffic at the Big Chute? The fear is that sea lamprey may gain entrance to the inland waterway after the construction of the other lock. I suggest to the minister that it is up to us to eradicate the sea lamprey and then complete the Trent canal water system.

Hon. Jack Davis (Minister of Fisheries and Forestry): Mr. Speaker, I should like to thank the hon. member for Simcoe North (Mr. Rynard) for his submission. We certainly have to take a look at these situations from time to time, but he has left the impression that the sea lamprey control program has been cut back.

It has been cut back in dollar terms this year by approximately one per cent. In 1966-67 Canada spent $425,000 on this program. In 1967-68 we spent $452,000, and last year we spent $498,000. This year's budget is for $493,000 which is down $5,000, or approximately one per cent. The main reason it is down is that the United States fish and wildlife administration is unable to budget for additional funds.

The arrangement between the Canadian and the United States administration, under the Great Lakes fishery commission, calls for a 69 per cent United States contribution and a 39 per cent Canadian contribution. Our contribution is determined automatically by the United States contribution.

As the hon. member says, the use of lampricide, which began in 1958, was remarkably successful in reducing the sea lamprey population in the upper lakes by 80 per cent by 1962, and 90 per cent by 1964. The program

has been very effective in Lake Superior and Lake Michigan and we are working back down through Lake Huron.

• (10:10 p.m.)

As the hon. member has said, the prospects for a revived commercial fishery are much better in Lake Huron than they are in Lake Superior. They are greater in Lake Huron because it should be more productive; we have the indication that new species should be more successful there. We have the D.D.T. problem, but this is under control in Canada; in fact, the province of Ontario is no longer using D.D.T. to any extent and other chemicals have replaced it.

We shall urge the United States to invest more money in this project. I shall personally look at the Trent Canal suggestion with a view to helping to revive the fishery and indeed expand our industry which has been very productive in the past.

AIR TRANSPORT—NEWFOUNDLAND—EASTERN PROVINCIAL AIRWAYS SERVICE TO DEER LAKE

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I apologize for taking the time of the house to attempt at this late hour to obtain answers to questions which should be answered when they are asked during the orders of the day; but for some reason or another we seem determined to waste time due to the exigencies of parliamentary procedure. It is very frustrating to have questions refused because of a minor technicality and to find other questions accepted on such supposedly national issues which are in fact trite, such as the weight of popsicles and other trivial matters which concern nobody.

On June 10 I asked the Minister of Transport (Mr. Jamieson) whether he could advise us of the reason for the discontinuance of the E.P.A. jet service to Deer Lake, western Newfoundland, only 24 hours after it was instituted. I was advised by the Chair that the question might be considered at the time of adjournment. I asked the question because representations were made to me by several organizations, including the community of Deer Lake, representing thousands of citizens who are concerned about the economy of their district. Therefore it was my duty and responsibility to seek the reason for the decision having been made.

On June 11, after further developments with regard to the discontinuance of the service, I received further representations respecting the removal of the feeder service that was in existence before the jet service was started. I asked a related question, which was considered by the Chair as a submission and was therefore not allowed. This is June 17, Mr. Speaker, and I still have not received an answer to my question. However, I did read a statement which appeared in the local paper of my constituency, dated June 16, to the effect that the minister said an answer had been given on June 13 to the provincial minister responsible for transportation.

The answer given was that the minister was most anxious to ensure good service to west coast areas, but that the necessary safety equipment was not regularly available on short notice. The E.P.A. service was temporarily disrupted at Deer Lake because the airport's fire fighting equipment did not meet the regulations of the transport department for added flights. What is difficult to comprehend is why the Department of Transport, which should be a responsible agency, did not ensure that these conditions were met before the initial flight was inaugurated with great fanfare on June 1. Indeed, one authorized flight landed that day. The result was that the service became a one-day wonder.

To add insult to injury, the previous Dart Herald service which was in existence has deteriorated, and rather than an improved service they now have a poorer service than before. Apart from the justification of the reasoning behind the discontinuance of the service which would have been a boost to the economy of the area in the distribution of goods and services, the manner in which this matter was handled is embarrassing to the community. In the words of the president of the Chamber of Commerce, the anjustified action of the aeronautical experts not only cancelled the jet service but resulted in the feeder service being removed from Deer Lake airport; the test and inaugural flight of the jet service indicated that the Department of Transport had given tentative blessing to the project. He also said that extraneous pressure had been brought to bear in order to have the service removed.

I respectfully request the minister to clarify the situation by explaining the reasons for the on-again-off-again action which resulted in this embarrassing situation so that those concerned will be aware of the future of this airport, and also to satisfy my reasonable request with the courtesy which I feel I should have received as a member of this house over a week ago.

Hon. Jack Davis (Minister of Fisheries and Forestry): Mr. Speaker, earlier this afternoon the Minister of Transport (Mr. Jamieson) asked me to take a few notes from him and reply on his behalf. He is unavoidably absent, representing the government at a function here in the city.

I understand from the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall) that the E.P.A. service was a one day wonder. There was a test flight on June 1 into Deer Lake, and subsequently the Department of Transport disallowed further flights, or at least indicated that further flights could not be carried out.

I am told by the minister that one reason for the difficulty is the short notice which was given to the Department of Transport by Eastern Provincial Airways in respect of the commencement of this new service. The Minister of Transport went on in his note to me to say that he is sure that the hon. member shares the minister's view that public safety must be the primary consideration, and that no authorization could possibly be given for the use of Deer Lake by the type of aircraft contemplated until such time as adequate equipment is in place to meet all safety standards of the Department of Transport. An investigation is now under way to determine just how quickly the required equipment can be obtained, and the hon. member can rest assured that the Minister of Transport will keep in close personal touch with developments to ensure that there is no unnecessary delay.

The minister said further that in the meantime he understands that the Canadian Transport Commission has authorized E.P.A. to use Stephenville as an alternative airport and that E.P.A.'s regular operations of non-jet flights in and out of Deer Lake will continue without interruption. In other words, the Deer Lake stop for jet aircraft is likely to be approved but the appropriate equipment must be installed, and safety is the main consideration which has resulted in the delay of the commencement of this new service.

Mr. Deputy Speaker: The motion to adjourn the house is now deemed to have been adopted. Accordingly, this house stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the house adjourned at 10.20 p.m.

END OF VOLUME IX